

In accordance with
Rule 3.61(1) of the
Insolvency (England
& Wales) Rules 2016
& Paragraph 84(8) of
Schedule B1 of the
Insolvency Act 1986.

AM23

Notice of move from administration to dissolution



Companies House

MONDAY



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A23

08/06/2020

#188

COMPANIES HOUSE

1 Company details

Company number 0 4 1 8 7 4 3 3

Company name in full DESIGNER YARNS LIMITED

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name LEEDS DISTRICT REGISTRY BUSINESS & PROPERTY COURT

Court number 1 1 0 8 0 F 2 0 1 7

3 Administrator's name

Full forename(s) NICOLA

Surname BAKER

4 Administrator's address

Building name/number RUSHTONS INSOLVENCY LIMITED

Street 3 MERCHANT'S QUAY

ASHLEY LANE

Post town SHIPLEY

County/Region WEST YORKSHIRE

Postcode B D 1 7 7 D B

Country

AM23

Notice of move from administration to dissolution

5 Administrator's name ①

Full forename(s) JULIAN NIGEL RICHARD

Surname PITTS

① Other administrator
Use this section to tell us about
another administrator.

6 Administrator's address ②

Building name/number BEGBIES TRAYNOR (CENTRAL) LLP

Street FOURTH FLOOR, TORONTO SQUARE

TORONTO STREET

Post town LEEDS

County/Region WEST YORKSHIRE

Postcode L S 1 2 H S

Country

② Other administrator
Use this section to tell us about
another administrator.

7 Final progress report
☒ I have attached a copy of the final progress report
8 Sign and dateAdministrator's
signature

Signature

X

N. Sate

X

Signature date

d 0

d 7

m 0

m 6

y 2


y 0


y 2


y 0


AM23

Notice of move from administration to dissolution

 Presenter information	
You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.	
Contact name	RICHARD JENNINGS
Company name	RUSHTONS INSOLVENCY LIMITED
Address	
3 MERCHANT'S QUAY	
ASHLEY LANE	
Post town	
SHIPLEY	
County/Region	
WEST YORKSHIRE	
Postcode	B D 1 7 7 D B
Country	ENGLAND
DX	
Telephone	01274 598585

 Checklist
We may return forms completed incorrectly or with information missing.
Please make sure you have remembered the following:
<input type="checkbox"/> The company name and number match the information held on the public Register.
<input type="checkbox"/> You have attached the required documents.
<input type="checkbox"/> You have signed the form.

 Important information
All information on this form will appear on the public record.

 Where to send
You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ. DX 33050 Cardiff.

 Further information
For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Rushtons Insolvency Limited

Joint Administrators' Final Progress Report for the period 14 December 2019 to 7 June 2020

Designer Yarns Limited ("the Company") – In Administration

Company Number: 04187433

Issued on 13 June 2020

In the Leeds District Registry Business & Property Courts in Leeds
Insolvency & Companies
Court No: 1108 of 2017

Raymond Stuart Cloughton of Rushtons Insolvency Limited and Julian Nigel Richard Pitts of Begbies Traynor (Central) LLP were appointed Joint Administrators on 14 December 2017.

Nicola Baker of Rushtons Insolvency Limited replaced Raymond Stuart Cloughton as Joint Administrator of the Company on 25 November 2019 following the making of a Block Transfer Order.

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without any personal liability.

Rushtons Insolvency Limited
3 Merchant's Quay
Ashley Lane
Shipley
West Yorkshire
BD17 7DB

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Designer Yarns Limited (In Administration)
"the Administration" Act	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 14 December 2017
"the administrators" "we" "our" and "us"	Nicola Baker of Rushtons Insolvency, 3 Merchant's Quay, Ashley Lane, Shipley, BD17 7DB, replaced Raymond Stuart Claughton following the making of a Block Transfer Order dated 25 November 2019 in the High Court of Justice, Business & Property Courts in Manchester and Julian Nigel Richard Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Leeds, LS1 2HJ.
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and company "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable) any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) Section 248(1)(b)(ii) of the Act
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986.

2. STATUTORY INFORMATION

Name of Company	Designer Yarns Limited
Trading name(s)	-
Date of Incorporation	26 March 2001
Company registered number	04187433
Company registered office	3 Merchant's Quay, Ashley Lane, Shipley, BD17 7DB
Former trading address	Units 8-10, Newbridge Industrial Estate, Pitts Street, Keighley, BD21 4PQ

3. DETAILS OF APPOINTMENT OF JOINT ADMINISTRATORS

Names of the administrators	Nicola Baker a Licensed Insolvency Practitioner of Rushtons Insolvency Limited, 3 Merchant's Quay, Ashley Lane, Shipley, BD17 7DB replaced Raymond Stuart Cloughton following the making of a Block Transfer Order dated 25 November 2019 in the High Court of Justice, Business & Property Courts in Manchester and Julian Nigel Richard Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of administrators' Appointment	14 December 2017
Court	Leeds District Registry Business & Property Courts in Leeds Insolvency & Companies
Court Case Number	1108 of 2017
Person making appointment	Ian David Watt, acting on behalf of the Directors
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings	Regulation (EU) 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	On 30 July 2018, Creditors gave their consent to the extension of the administration for a period of 12 months from the anniversary of the appointment of the Joint Administrators (14 December 2018). On 13 November 2019 an application was made to the Court to extend the period of the Administration for a further period of 6 months until 13 June 2020. The Order granting the extension was made on 15 November 2019.

4. PROGRESS DURING THE FINAL PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of final receipts and payments for the period 14 December 2019 to 7 June 2020 and cumulative from the date of our appointment.

Background

As creditors may recall from our Statement of Proposals, we were contacted to provide advice to the Company's directors in light of cash flow pressures experienced by the Company in 2017. This ultimately led to the appointment of Raymond Cloughton and Julian Pitts as Joint Administrators on 14 December 2017.

As detailed above, Nicola Baker replaced Raymond Stuart Cloughton as Joint Administrator on 25 November 2019.

The specific receipts and payments occurring during the period are discussed below.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

General case administration and planning

Considerable time has been incurred relating to case strategy, case and general file reviews surrounding the Company's Insolvency and considering the most appropriate method of progressing the case to closure.

Compliance with the Insolvency Act, Rules and best practice

We have maintained and regularly reviewed the bordereau insurance premium, to protect the interests of the Company's creditors and members.

The last progress report dated 9 January 2020 was produced and filed with the Registrar of Companies during the period of this report. Further time has been spent producing this final report now that the administration can be brought to a close.

Realisation of assets

Details of assets which have been realised in previous periods have been detailed in previous reports.

During the period of this report £386 has been received from High Court Enforcement in respect of outstanding book debts in full and final settlement. This amount is reflected in the receipts and payments account at Appendix 1.

Funds held by the Administrators are maintained in an interest bearing account on which interest of £23 has accrued during the period.

Dealing with all creditors' claims (including employees), correspondence and distributions

Throughout the Administration we have dealt with creditor queries as they have been received and have provided updates to creditors on the progress of the Administration, on request.

In view of a distribution being made to Non-Preferential Creditors by virtue of the prescribed part, the Administrators sent reminders to every creditor originally listed but who had not submitted a claim, requesting them to do so. In addition, an advertisement was placed in the London Gazette.

The Administrators have since adjudicated on claims received from creditors and paid a dividend by virtue of the prescribed part to those with agreed claims. Significant time has been spent reviewing those claims and confirming payment details of international creditors.

Further information can be found in 5 below.

Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel

The Administrators have dealt with the Company's tax affairs, including submitting a final VAT return to reclaim VAT that has been incurred on costs of the administration.

5. OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

On that basis the outcome for each class of the Company's creditors was as follows:

Secured creditor

The sum due to HSBC Bank plc ("the Bank") was £1.2m. We made a payment of £5,000 to the Bank under its Fixed charge and a further distribution under its Floating charge of £103,264.96.

Preferential creditors

A Preferential claim was received from the Redundancy Payments Services in respect of payments made to the Employees for outstanding wages and holiday pay in the sum of £18,791.29, this was subsequently settled.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors was calculated were provided in our statement of proposals.

A notice of intended dividend was advertised in October 2019 to Non-Preferential creditors with the intention to distribute following the last date for proving passing

A further letter was issued to all creditors requesting receipt of claims.

The prescribed part dividend of £26,566.24 was declared being a distribution of 1.61p in the £ and subsequently paid.

Unsecured creditors

There were insufficient funds available to enable a dividend to be paid to the unsecured creditors other than that indicated above.

Effect of administration on limitation periods under the Limitations Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the secured and preferential creditors on 10 July 2020, by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Rushtons Insolvency Limited and Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate. We are also authorised to draw disbursements for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our original fees estimate was increased by the approval of creditors which was obtained from the secured and preferential creditors. This makes the total amount of our approved estimate £153,179.

Rushtons Insolvency Limited time costs for the period from 14 December 2019 to 27 May 2020 amount to £5,934.00 which represents 32.5 hours at an average rate of £182.58 per hour.

Begbies Traynor (Central) LLP time costs for the period from 14 December 2019 to 27 May 2020 amount to £11,560.00 which represents 88.4 hours at an average rate of £130.77 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2:

- ☐ Time Costs Analysis for the period 14 December 2019 to 27 May 2020
- ☐ Rushtons Insolvency Limited's charging policy
- ☐ Begbies Traynor (Central) LLP's charging policy

In addition to the time costs information disclosed at Appendix 3 for the period since our last progress report, a cumulative Time Costs Analysis for the period from 14 December 2017 to 27 May 2020 is also attached at Appendix 3.

To 7 June 2020, we have drawn the total sum of £153,167.75 on account of our remuneration, against total time costs of £161,959.50 incurred since the date of our appointment.

In the absence of there being sufficient realisations to discharge our time costs in full, our unbilled time costs of £8,791.75, have been written off as irrecoverable. However, we reserve the right to recover our unbilled time costs in the event that circumstances subsequently permit us to do so.

Time Costs Analysis

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

As can be seen from the information above both firms exceeded the estimate provided to Creditors within the original circular dated 8 February 2018. This was due to the increased time expended in quantifying creditor claims and the work necessary in undertaking statutory duties toward compliance issues.

As advised above it was necessary to seek the approval of both secured and preferential creditors to an increase in the original fee estimate.

Disbursements

Nominal disbursements have been drawn for storage charges and search fees, all of which are detailed at Appendix 3 and in the receipts and payments account at Appendix 1.

Category 2 Disbursements

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been incurred during outside the period of this report in accordance with the approval obtained are as follows:

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which either of the office holders or their firms or any associate have an interest	
Type and purpose	Amount £
BTG Advisory, which is a member of the Begbies Traynor group, has provided professional assistance in collecting in the Company's book debt ledger. The purpose of obtaining such services was to ensure the book debts were collected effectively and efficiently. Further information in this respect may be found in section four above.	£15,873.62 in accordance with the agreement of 5% of realisations
Eddisons Insurance Services Limited ("EIS"), which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets. The manner in which EIS receives payments of its commission from the insurer has changed. The commission was previously paid to EIS by the insurer. However, as a result of a change of invoicing process, EIS now raises invoices for the premium(s) payable on the insurer's behalf and receives payment from the insolvent estimate. EIS in turn, accounts to the insurer for the premium(s) payable after deducting any commission payable by the insurer.	£3,942.00
TOTAL	£19,815.62

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained. Please contact either administrators' office and we will arrange to send you a copy.

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

Expenses actually incurred compared to those that were anticipated.

All expenses highlighted in our earlier report have now been settled.

8. OTHER RELEVANT INFORMATION

Change of Administrator

Upon an application made to the High Court of Justice Business & Property Courts Manchester on 25 November 2019 Nicola Baker of Rushtons Insolvency Limited was appointed replacement office-holder in respect of all ongoing cases in which Raymond Stuart Cloughton held office and as such is now Joint Administrator of the Company.

Julian Nigel Richard Pitts of Begbies Traynor (Central) LLP continues as Joint Administrator.

Report on Directors' conduct

We have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. As advised in our previous report we have complied with our duties in this respect.

Investigations completed and action taken

As explained in our Statement of Proposals, following our appointment we undertook an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

As relayed above, investigations have now been concluded.

9. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

10. CONCLUSION AND ENDING OF THE ADMINISTRATION

The Joint Administrators have concluded their duties in the Administration and have filed Form AM23 – Notice of move from Administration to Dissolution at Companies House. The Company will be dissolved within three months of the date of filing this form at Companies House.

All assets have now been realised.

Creditors have resolved that the Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 of The Insolvency Act 1986 upon filing the end of the Administration or their appointment otherwise ceasing.

If you have any queries or require any further assistance please do not hesitate to contact my colleague Richard Jennings of Rushtons Insolvency Limited who will be only too pleased to provide the same.

For and on behalf of
Designer Yarns Limited

A handwritten signature in black ink, appearing to read 'Nicola Baker', enclosed within a hand-drawn oval.

Nicola Baker
Joint Administrator

Dated: 7 June 2020

Nicola Baker is authorised to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association under office holder number 15852.

Julian Nigel Richard Pitts is authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

The affairs, business and property of Designer Yarns Limited (In Administration) are managed by the Joint Administrators, who act as agents of the Company and without personal liability

**Designer Yarns Limited in Administration
Final Progress Report
7 June 2020**


APPENDIX 1

Joint Administrators' receipts and payments account

Designer Yarns Limited
(In Administration)
Joint Administrators Summary of Receipts and Payments

Statement of Affairs £		From 14/12/2019 To 07/06/2020 £	From 14/12/2017 To 07/06/2020 £
	SECURED ASSETS		
2,500.00	Goodwill	Nil	2,500.00
2,500.00	Intellectual Property	Nil	2,500.00
		Nil	5,000.00
	SECURED CREDITORS		
	HSBC Bank plc	Nil	5,000.00
	ASSET REALISATION		
2,300.00	Plant & Machinery	Nil	2,300.00
65,000.00	Stock & Work in Progress	Nil	59,976.66
176,000.00	Book Debts	386.00	314,558.48
	Bank Interest Gross	23.29	693.62
	Refund of Pre Appointment Bank Charge	Nil	2,010.39
		409.29	374,539.15
	COSTS OF REALISATION		
	Administrators Fees	54,167.75	153,167.75
	Pre Appointment Fees	Nil	15,115.00
	Pre Appointment Legal Fees & Disbursements	Nil	2,996.00
	Debt Collection Costs	Nil	15,873.62
	Agents/Valuers Fees	Nil	8,230.00
	Legal Fees	4,250.00	13,617.50
	Legal Disbursements	18.00	61.00
	Rents Payable	Nil	13,000.00
	Bank Charges	Nil	59.58
	Agents Disbursements	Nil	234.33
	Insurance of Assets	Nil	3,942.00
	Search Fees	Nil	6.00
	Specific Bond	222.00	342.00
	Storage Costs	536.88	2,036.88
	Accountants Fees	375.00	1,375.00
	Mileage Charges	Nil	17.50
	Counsels Fees	500.00	500.00
	Statutory Advertising	192.50	192.50
	International Payments	150.00	150.00
		(60,412.13)	230,916.66
	PREFERENTIAL CREDITORS		
	PAYE/NIC deduction from Pref dividend	27.40	27.40
	RPO re Arrears/Holiday Pay	18,763.89	18,763.89
		(18,791.29)	(18,791.29)
	FLOATING CHARGE CREDITORS		
	HSBC Bank plc	103,264.96	103,264.96
		(103,204.96)	(103,264.96)

(18,000.00)	UNSECURED CREDITORS		
	Trade Creditors	25,739.77	25,739.77
	RPO	826.47	826.47
		<hr/>	<hr/>
		(26,566.24)	26,556.24
		<hr/>	<hr/>
		(208,625.33)	0.00
		=====	=====



 Nicola Baker – Joint Administrator

**Designer Yarns Limited in Administration
Progress Report
7 June 2020**

APPENDIX 2

**Analysis of Time Costs
& Disbursements Recovery Policy**

SIP9 Designer Yarns Limited - Administration - 80DE325-ADM : Time Costs Analysis From 14/12/2017 To 27/05/2020

Self Costs	Costs/Person/Week	Director	Sec Mgr	Mgr	Att Mgr	Bar/Person	Admin	In Admin	Support	Total Hours	Time Cost	Average hourly rate
General Case Administration and Planning	5.5	0.6	7.1	0.1			2.4			5.9	3,194.00	201.81
Administration		0.4	4.4	0.3	0.0		2.5	17.2	3.3	27.9	1,118.00	102.89
Total for General Case Administration and Planning	5.5	0.6	11.9	0.4	0.0		4.9	17.2	6.6	48.4	5,312.00	140.39
Compliance with the Insolvency Act, Hires and Rent												
Agreement								19.0	0.3	19.3	1,841.50	124.45
Printing and Posting	0.6		1.5				0.6	1.5	0.6	3.3	4,501.50	700.44
Case Review												
Travelling expenses and telephone of Affairs	1.5	5.3	21.2	2.1	0.4		13.0	10.8		45.3	3,842.00	142.02
Total for Compliance with the Insolvency Act, Hires and Rent	2.1	5.3	22.7	2.1	0.4		13.6	12.3	6.9	55.1	9,353.50	155.15
Investigations												
Costs and investigations			21.8	1.0				9.5		22.8	4,014.50	179.17
Total for Investigations			21.8	1.0				9.5		22.8	4,014.50	179.17
Trade Union of ex-eth												
Under review		1.2	27.5	0.7	1.0		2.3	12.9		33.6	8,709.00	181.44
Property, Expenses and Solicitors	2.0	16.9	18.6	11.9						49.4	11,920.00	244.52
Retention of Teaching staff, assets			0.8	1.8						2.6	494.00	190.00
Total for Trade Union of ex-eth	2.0	16.9	47.8	13.7	1.0		2.3	12.9		87.7	20,334.00	181.44
Trading												
Total for Trading												
Trading with all creditors (including employees), claims, interest, expenses and distributions												
Ground	3.0	2.1	40.9	20.1		0.5	14.0	28.0		112.6	17,521.00	155.60
Others	1.5	1.0	31.2		1.4		19.1	31.0		52.7	12,722.00	127.48
Costs for creditors												
Total for Trading with all creditors (including employees), claims, interest, expenses and distributions	4.5	3.1	72.1	20.1	0.4	0.5	33.1	59.0		165.3	30,243.00	186.71
Other matters which include seeking decisions in creditors meetings, Ins. litigation, penalties and travel												
Costs for creditors												
Meeting			1.8							1.8	222.00	180.00
Other			3.0							3.0	5,700.00	190.00
Ex	1.0		11.1	0.2			0.4	0.3	4.0	17.0	2,694.50	164.98
Logistics												
Total for Other matters	1.0		14.9	0.2			0.4	0.3	4.0	15.8	4,116.50	172.37
Total hours by self grade	20.3	27.8	211.1	32.9	2.4	0.5	19.7	102.2	84.2	341.3		
Total time cost by self grade	5,378.00	2,818.00	39,944.00	11,011.00	418.00	45.00	4,805.18	11,017.00	5,417.20	63,201.00		
Average hourly rate C	268.00	210.00	187.44	110.00	190.00	131.00	24.00	81.00	81.00			188.16
Total has given to self C												18,712.04

SIP9 Designer Yarns Limited - Administration - 80DE325.ADM : Time Costs Analysis From 14/12/2019 To 27/05/2020

[illegible]

DESIGNER YARNS LIMITED

Administrators' Final Report to Creditors and Statement of Proposals

7 June 2020

RUSHTONS INSOLVENCY LIMITED'S FEE AND EXPENSES FOR ADMINISTRATORS

1. TIME COST AND CHARGE-OUT RATES

Grade of Staff	(£ per hour)
Insolvency Practitioner/Director	200-280
Senior Manager	200
Manager	180
Support Staff	100

All charge-out rates are subject to periodic review. Any material amendments to charge-out rates shall be advised to Creditors' (or the Creditors' Committee, if appropriate) in any subsequent statutory report. Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried out as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff. Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

The anticipated work involved in this assignment will mainly relate to the following:-

Administration and Planning

Administration and planning – This represents the work that is involved in the routine administrative functions of the case by the Office Holders' and their staff, together with the control and supervision of the work done on the case by the Office Holders'. It does not give direct financial benefit to the Creditors', but has to be undertaken by the Office Holders' to meet requirements under insolvency and company legislation and regulation. Tasks under this heading will include inter alia and although have no direct benefit to Creditors' must be undertaken as part of my statutory obligations.

- Case planning
- Administrative set up
- Maintenance of records
- Opening, maintaining and managing the Estate accounts
- Post appointment VAT compliance
- Post appointment Corporation Tax compliance
- Securing and scheduling Company's books and records
- Undertaking case progression reviews (typically at the end of months 1, 2 and 3 and then every six months thereafter) and general management of case
- Routine correspondence and e-mails

Investigation

The insolvency legislation gives the Office Holders' power to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading). The Office Holders' are required by Statements of Insolvency Practice and the Company Directors' Disqualification Act 1986 to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of Creditors'. If potential recoveries or matters for further investigation are identified, then the Office Holders' will need to investigate them in detail and bring recovery actions where necessary.

Such recovery actions will be for the benefit of the Creditors'. The Office Holders' are also required by legislation to report to the Insolvency Service on the conduct of the Directors' and the work to enable them to comply with his statutory obligations is of no direct benefit to the Creditors, although it may identify potential recovery actions. Tasks under this heading will include inter alia.

- Recovering the books and records and reviewing the same
- Review and compliance with Statement of Insolvency Practice 2 (SIP 2)
- Sending out questionnaires to Director(s) and reviewing the same once completed
- Review and identify potential asset recoveries by seeking and obtaining information from relevant third parties, such as Banks, Accountants, Solicitors, Shareholders and Creditors
- Taking actions to recover if any potential assets are identified
- Compiling and filing a report to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986 ("CDDA")

Realisation of Assets

This is the work that needs to be undertaken to realise the known assets in the case. If this work is undertaken, the Office Holders' anticipates that the assets will realise the estimated to realise amounts provided to Creditors'. Such realisations will be for the benefit of the Creditors'. Tasks under this heading will include inter alia and will directly affect the realisations available for Creditors'.

- Review statement of affairs, accounts and books and records, together with communications with Directors and other third parties to identify the assets of the Company
- Liaising with Agents to realise assets and valuations as detailed in the attached report
- Review the pre-packaged sale and valuation achieved

Creditors

Claims of Creditors' – the office holder needs to maintain up to date records of the names and addresses of Creditors', together with the amounts of their claims as part of the management of the case and to ensure that notices and reports can be issued to the Creditors'. The Office Holders' will also have to deal with correspondence and queries received from Creditors' regarding their claims and dividend prospects as they are received.

The Office Holders' are required to undertake this work as part of his statutory functions, identifying true and accurate Creditor claims, will have a direct impact on any potential return to Creditors'.

Tasks under this heading will include inter alia

- Communication with Creditors' by email, post or telephone
- Processing Creditors' claims and maintaining up to date Creditor information (including employees and any Preferential Creditors')
- Requesting additional information from Creditors' in support of their proof of debt
- Dealing with pre-appointment taxation issues relating to VAT, PAYE/NI, CIS and Corporation Tax
- Liaising with the former Directors, Accountant and Solicitors to validate contested claims and independently reviewing the same

Statutory Matters

The Office Holders' are obliged to follow various statutory and regulatory obligations. It does not give direct financial benefit to the Creditors', but has to be undertaken by the Office Holders' to meet their requirements under Insolvency and Companies Act, Legislation and the Statements of Insolvency Practice, which set out required practice that Office Holders' must follow. Tasks under this heading will include inter alia.

- Notifying Creditors' of the Office Holders' appointment and filing statutory appointment documents at Companies House
- Arranging statutory advertising in London Gazette
- Notifications to HM Revenue & Customs re-appointment and submission of VAT 769
- Obtaining a specific penalty bond and quarterly reviews
- Preparation of submission of a SIP 16 Report
- Preparation of Proposals to be put to Creditors'
- Filing statutory documents at Companies House following approval or rejection of Proposals

- Establishing and holding periodic meetings of Creditors' Committee and associated filing formalities (if a Committee is formed)
- Submission of interim and final draft progress reports to Members and Creditors'
- Submission of progress report and return to Companies House
- Submission of final return to Companies House
- Preparation and submission of periodical Receipts and Payment Accounts

EXPENSES AND DISBURSEMENTS COSTS

Where the Insolvency Practitioner in the firm acts as Office Holders' of an insolvent estate, the firm will seek to re-charge these costs (plus VAT where applicable). In such cases to comply with Statement of Insolvency Practice 9 (SIP 9), the standard disbursement cost and expense re-charge calculations will be based upon the firm's standard policy which is as follows:-

Category 1 Disbursements

These costs will include, among other:-

Statutory Advertising	As per advertisers/agents invoice currently £84.60 per advert
Statutory Bonding	Charged at cost – see below
Postal Redirection	Charged at cost – see below
Courier	Charged at cost – see below
Postage	First class postal charges based on the weight of the circular
Storage	Pro rata per number of boxes per storage charge invoice. An external storage provider provides this facility to the firm. Current charges are £2.50 for the box and £4.08 per box per annum for the storage
Room Hire	No charge is made for meeting within the firm's Office
Land Registry Searches	As per Land Registry invoice
Companies House Search	As per Companies House invoice
Travel	Charged at costs for public transport, taxis and car parking
Legal Costs	As per agreed rates – see below
Valuer's Fee	Valuation and Asset realisation fee as per agreed rates – see below
Book Debt Collection Agents	As per agreed rates – see below

Category 2 Disbursements

This relates to expenditure which may be directly related to the insolvent estate, or where the costs is apportioned or allocated over a number of such cases and estimates are used in the calculation. Such disbursements require Creditors' approval.

Photocopier/Paper	£0.15 per sheet – irrespective of size. Based on average costs of machine consumables (toner cartridges, maintenance etc) and paper.
Travel	45p per mile which is the cost re-imbursed to Staff

All the above costs are subject to periodic review. Any material amendments to costs shall be advised to Creditors' (or the Creditors' Committee, if appropriate) in subsequent statutory reports.

It is not intended to charge Category 2 Disbursements

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Eddisons Commercial Limited are instructed to provide risk management services, in particular the management of insurance compliance works for vacant properties. Their charges for providing these services will be calculated on an individual basis.

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

BEGBIES TRAYNOR CHARGE-OUT RATES

The rates applying to this case are subject to HSBC Bank plc panel rates as at the date of this report which are as follows:

Grade of staff	Charge-out rate (£ per hour)
Partner	260
Director	260
Senior Manager	190
Manager	190
Assistant Manager	190
Senior Administrator	130
Administrator	130
Trainee Administrator	85
Support	85

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

The office holder may use the services of BTG Forensic during the course of the case. BTG Forensic is a specialist department of the office holder's firm which provides forensic accounting services. Their charge out rates are also subject to HSBC Bank plc panel rates and are as follows:

Grade of staff	Charge-out rate (£ per hour)
Partner	260
Senior Manager	190
Forensics Senior	130

**Designer Yarns Limited in Administration
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APPENDIX 3

Statement of Joint Administrators' Expenses

STATEMENT OF JOINT ADMINISTRATOR'S EXPENSES

Type of Expense	Name of party with whom expense incurred	Amount Incurred £	Amount Discharged £	Balance (to be discharged) £
Pre Appointment Legal Fees	Irwin Mitchell	2,946.00	2,946.00	0.00
Pre Appointment Legal Disbursements	Irwin Mitchell	50.00	50.00	0.00
Post Appointment Legal Fees	Irwin Mitchell	1,027.50	13,617.50	0.00
	Eversheds	13,185.00		0.00
Legal Disbursements	Eversheds	561.00	561.00	0.00
Statutory Advertising	The Stationery Office	192.50	192.50	0.00
Statutory Bordereau's	Marsh Limited	120.00	120.00	0.00
	IRS	222.00	222.00	0.00
Agents Fees	Michael Steel (Plant & Machinery) Limited	8,230.00	8,230.00	0.00
Agents Disbursements	Eddisons Commercial	234.33	234.33	0.00
Debt Collections Costs	Addlestone Keane	165.00	165.00	0.00
Accountancy Fees	Murray , Harcourt Partnership LLP	1,000.00	1,000.00	0.00
Storage	BAH Site Services	2,036.88	2,036.88	0.00
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Insurance premium paid to Eddisons	Eddisons Insurance Services Limited	3,942	3,942	

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APPENDIX 4

**Summary of administrators' proposals, including major
amendments to, and deviations from them**

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended)

PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS' TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company, the Joint Administrators' propose to collect the balance of the deferred consideration for the purchase of the assets/stock and continue to use the services and expertise of BTG Advisory to collect outstanding book debts:-

An initial deposit has been received by the Joint Administrators for the sale of the assets in the sum of £8,676 (being 10% (inc VAT)). The balance of £78,084 will be collected in equal instalments over the next 6 months commencing in March 2018.

It is the Administrators' decision that in order to protect Creditors' a Fixed and Floating Charge will be secured against the assets pending settlement of the above figure. A personal guarantee from Mr. Ian Watt has also been procured.

ADMINISTRATOR'S PROPOSALS

We continue to manage the business, affairs and property of the Company to achieve the purpose of the Administration. In particular, that we:

- (a) realise the remaining Company assets at such time(s) and on such terms as we consider appropriate;
- (b) investigate and if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer, or former officer of the Company, or any person, firm, or Company which supplies, or has supplied goods or services to the Company; and
- (c) do all such things and generally exercise all our powers as Administrators', as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration, or protect and preserve the assets of the Company, or maximise the realisations of those assets, or of any purpose incidental to these proposals.
- (d) if necessary, extend the period of the Administration. If this is appropriate we will seek the consent of the creditors, or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.

If having realised the assets of the Company, the Administrators' thinks that a distribution will be made to the unsecured Creditors' from the fund created out of the Company's net floating charge property (known as the "Prescribed Part") by virtue of section 176A(2)(a), this will be

distributed by the Administrators' in the Administration and the Company will therefore proceed to dissolution.

If, however, having realised the assets of the Company the Administrators' think that a distribution will be made to the unsecured Creditors' other than by virtue of section 176a(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators' to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL). In order that the distribution can be made in these circumstances, it is proposed that the Administrators' as Office Holders' at the date of conversion to CVL will become the Joint Liquidators in the CVL.

Court approval is not required to enable the Administrators' to make a distribution to the Unsecured Creditors' of the Prescribed Part. If, however, a distribution to Unsecured Creditors' not limited to the Prescribed Part is anticipated, the Administrators' may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.

If the Administrators' think that the Company has no property which might permit a distribution to its Creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.