

The Insolvency Act 1986
Administrator's progress report

Name of Company

Sustainable Villages Limited

Company number

5042222

In the
High Court of Justice, Chancery Division,
Companies Court

Court case number

4100 of 2014

(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)
Finbarr Thomas O'Connell
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

Adam Henry Stephens
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

administrators of the above company attach a progress report for the period

(b) Insert date

From

(b) 28 May 2016

To

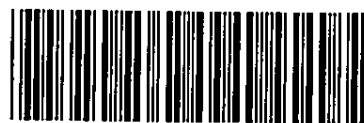
(b) 18 June 2016

Signed


Former Joint Administrators

Dated

5 September 2016

WEDNESDAY
TU

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A06 21/09/2016 #117

COMPANIES HOUSE

Q5EY386Z

QIQ 06/09/2016 #16

COMPANIES HOUSE



Sustainable Villages Limited (in administration)

Joint administrators' final progress report

5 September 2016



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1. Glossary

Abbreviation	Description
the Company	Sustainable Villages Limited
the administrators/joint administrators	Finbarr Thomas O'Connell and Adam Henry Stephens
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
ETR	Estimated to realise
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
the liquidators/joint liquidators	Finbarr Thomas O'Connell and Adam Henry Stephens
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
SIP	Statement of Insolvency Practice (England & Wales)
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
SOA	Statement of Affairs

Note The IA86 and IR86 have been subject to a number of significant amendments since their original issue, including a number of substantial and important changes in April 2010. References to IA86 and IR86 in this report are to the legislation as it applies to this case.

2. Introduction

This report provides an account of the administration of the Company since the last progress report and provides a summary of the outcome of the administration of the Company. It should be read in conjunction with our proposals and any previous reports. By way of reminder, we, Finbarr Thomas O'Connell and Adam Henry Stephens, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 19 June 2014. This is our final report.

Statutory information in respect of the Company and the administration is set out at Appendix I.

3. Points of note

Appointment

- The Company entered into administration on 19 June 2014. We, Adam Henry Stephens and Finbarr Thomas O'Connell, were appointed joint administrators of the Company.
- The Company's principal assets at the time of our appointment were as follows:
 - Cash at bank,
 - Shareholding interests in two subsidiaries being
 - Sustainable Villages (Homes) Limited ("SVHL")
 - Sustainable Villages (Energy) Limited ("SVEL")
 - Certain intellectual property relating to the subsidiaries' business (which broadly comprised certain documents and non-disclosure agreements)
- The term of the administration was extended for a year with the consent of creditors on 16 June 2015.

Pre-pack sale details

- Shortly after our appointment, a pre-packaged sale of certain of the Company's assets was completed. The assets sold can be summarised as:
 - the shares in SVHL, and
 - the intellectual property owned by the Company and relating to SVHL's business
- The consideration which was received in relation to the sale can be summarised as:
 - £5,000.00 cash, and
 - A 17% shareholding in the purchasing company (called E-Riser Ltd)

There are certain people who have an involvement in both E-Riser Ltd and the Company. The nature of their involvement is listed later on in this document. The Company's interest in SVEL was not sold.

- The details of this sale have previously been notified to creditors via a report dated 25 June 2014. This report was prepared to satisfy certain insolvency compliance obligations (and is often referred to as the SIP 16 report).

Post appointment matters

- A meeting of creditors called and subsequently held on the 22 August 2014 approved the administrators' proposals circulated to creditors on 7 August 2014.
- In the absence of a creditors' committee, secured, preferential creditors and unsecured creditors of the Company provided a resolution by correspondence on 2 June 2015 for the extension of the administration up to the 18 June 2016.
- It was initially envisaged that the administration would end by exiting via a CVA thereby return the control of the Company to the directors. However, the ability to propose a CVA (as envisaged above) has not come in to fruition to date.

- In light of the nil value of the residual assets the joint administrators did not envisage a distribution to creditors, therefore could not propose to convert the administration to a creditors voluntary liquidation. In order for creditors to retain their right to any such realisations, the joint administrators applied to the Court to seek consent to conclude the administration, and petition for the Company to enter Compulsory Liquidation. This petition was filed on the 16 June 2016.
- Due to certain procedural challenges, the application to Court to convert the administration to compulsory liquidation was dismissed. As the joint administrators are now out of office, the replacement application for the compulsory liquidation is being undertaken by the directors of the Company. Should this subsequent application / petition be dismissed the Company will be dissolved.

4. Administrators' proposals

As previously advised the administrators must perform their functions with the purpose of achieving one of the following objectives

- 1 Rescuing the Company as a going concern, or
- 2 Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being placed into administration, or
- 3 Realising property in order to make a distribution to one or more secured or preferential creditors

The objective pursued in this case was the second objective above and our strategy for achieving this objective was set out in our proposals, which were approved by the creditors present in person and by proxy at the creditors' meeting held on 22 August 2014.

As a rescue of the Company, as a going concern, was not capable of being achieved due to the extent of the creditor arrears when compared to the Company's asset values, a pre-pack sale was believed to achieve the second purpose of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The alternative of a sale through liquidation had a number of possible risks to the likely net realisations. These include the costs involved in the process (particularly in the case of compulsory liquidation) and the purchaser might choose not to proceed if it was a purchase through liquidation.

Despite the sale proceeds being insufficient to enable a dividend to creditors, the continual interest in the purchasing vehicle, namely E-Riser Limited, will enable a better return to unsecured creditors than that which would have been available in a winding up of the Company. This is due to the fact that should the E-Riser project develop returns will be made on the Company's shareholding to enable some quantum of return to creditors.

We are therefore of the opinion that the second purposes of administration has been achieved.

5. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 28 November 2015 to 18 June 2016. This account includes cumulative figures for the period from 19 June 2014 to 18 June 2016, and comparisons to the director's/directors' SOA values.

As stated in the Joint Administrators' proposals, a pre-packaged sale of certain assets of the Company was completed on 19 June 2014 to E-Riser Limited, the administrators sent a letter to creditors on 26 June 2014 to provide information on the sale pursuant to the requirements of SiP 16, Pre-packaged Sales in Administration. If you wish to receive a further copy of this letter please contact Liam Clarke on 020 7131 4909 or by email to liam.clarke@smithwilliamson.co.uk

The consideration for the transaction comprised a) cash of £5,000 (plus VAT, where applicable) and b) a 17 % shareholding in E-Riser Limited (see below) The allocation of the cash consideration is broken down by asset category as follows

Asset Category	Allocation of Consideration £
Intellectual Property	4,999
SVHL Shares	£1
Total	5,000

The cash consideration and share certificates to the shares in E-Risers have been received in full by the joint administrators

The sale and purchase agreement included certain provisions relating to a sales price to be achieved in the event of a sale of the Company's shareholding in E-Riser Ltd These include the provision that if the majority of the shareholders in E-Riser wish to sell their holdings then E-Riser Ltd will ensure that the Company's holding is included in such a sale and with the same equivalent sales price achieved

5.1 Pre-Packaged sale - connected party purchaser details

The purchaser was E-Riser Limited ('E-Riser') This is a connected party for the reasons set out below Therefore and in accordance with SIP 13, we set out certain further details

E-Riser was a newly incorporated company established by John Bryan Wybrew who is a director of and shareholder in the Company It was set up solely with the intention of acquiring the Company's assets Mr Wybrew was at the time of the transaction sole shareholder and director of E-Riser, this has subsequently changed in light of the acquisition to the following

Director	Connection with the Seller (the Company)	Connection with the Purchaser (E-Riser)*
John Bryan Wybrew	Director, 9% Shareholder, & Creditor	Director & 20% Shareholder in E-Riser Ltd
John East	Director, 21% Shareholder, & Creditor	Director & 21% Shareholder in E-Riser Ltd
Roger Walker	Director, 14% Shareholder, & Creditor	Director & 42% Shareholder in E-Riser Ltd

* the balancing 17% shareholding in E-Riser is owned by the Company

The purchaser was independently advised on the transaction, and further details on the sale process can be found in our report to creditors of 26 June 2014

5.2 Unrealisable assets

5.2.1 Sustainable Villages Energy Limited – Shares (100%)

The Company is the sole shareholder of SVEL which historically was involved with the development of so-called ecologically friendly energy power plants (“Energy Plants”). These would create power utilising locally sourced municipal and household waste as fuel. SVEL had undertaken research and development into the construction of the systems to be utilised in these Energy Plants. Much like the SVHL’s business situation, it appears to be the case that some of the SVEL’s activities involved the Company (collectively the “Energy Business”).

A review of the information provided to the joint administrators both pre and post our appointment, has not identified any patents or copyrights, registered or pending relating to the SVEL’s products or ideas. In addition SVEL had no order book for the possible product offerings, and no equipment or stock of product items.

We have therefore not been able to identify an interested party for these shares, and as such they have not been sold.

The joint administrators applied to Court to convert the administration to compulsory liquidation, however due to certain procedural challenges the application was dismissed. As the joint administrators are now out of office the replacement application for the compulsory liquidation is being undertaken by the directors of the Company. Should this subsequent application / petition be dismissed the Company will be dissolved.

We would therefore recommend that if any creditor is interested in purchasing these shares they should contact the Official Receiver once appointed, or should the application / petition be dismissed, the Company will be dissolved, at which point any creditor should contact the Treasury Solicitor in respect of their interest in this asset.

5.2.2 E-Riser Limited – Shares (17.5%)

As stated above, the sale and purchase agreement with E-Riser Limited included certain provisions relating to a sales price to be achieved in the event of a sale of the Company’s shareholding in E-Riser Ltd. These include the provision that if the majority of the shareholders in E-Riser wish to sell their holdings then E-Riser Ltd will ensure that the Company’s holding is included in such a sale and with the same equivalent sales price achieved.

The agreement also provided that if the Company wish to sell its interest in E-Riser Limited, the purchaser would have first refusal and the consideration would be linked to the current value of E-Riser Limited. E-Riser Limited last filed accounts up to 30 April 2015 record a shortfall to shareholders of circa £111,000 and as such the Company’s interest in E-Riser Limited has nil value.

We have therefore not been able to identify an interested party for these shares, and as such they have not been sold.

As detailed above, we would recommend that if any creditor is interested in purchasing these shares they should contact the Official Receiver once appointed, or should the application / petition be dismissed, the Company will be dissolved, at which point any creditor should contact the Treasury Solicitor in respect of their interest in this asset.

6. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Innovation and Skills on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any issues requiring further report.

7. Pre-administration costs

At the creditors' meeting held on 22nd August 2014, the creditors approved the following amounts in respect of pre-administration costs as costs of the administration:

Recipient	Brief description of services provided	Amount approved £	Amount paid £	Amount outstanding £
Gallant Maxwell LLP	Legal advice re sale of business, and appointment formalities	1,100	1,100	-
Sanderson Weatherall LLP	Valuation and disposal advice	2,000	2,000	-
Smith & Williamson LLP	Pre-administration time costs	10,000	10,000	-

8. Administrators' remuneration

At the creditors' meeting held on 22 August 2014 the creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
19 June 2014 - 18 December 2014	102 95	30,931 25	300 74	-
19 December 2014 - 27 May 2015	30 25	8,406 50	276 99	-
28 May 2015 - 27 November 2015	16 45	4,875 25	296 37	-
28 November 2015 - 27 May 2016	31 35	9,247 25	294 97	3,396 18
28 May 2016 - 18 June 2016	10 65	3,254 75	305 61	-
Total	191 65	56,715 00	295 93	3,396.18

Attached as Appendix III, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the appendix.

Also attached as Appendix IV, is a cumulative time analysis for the period from which provides details of the administrators' time costs since appointment. A total of £3,396.18 has been drawn on account of these costs.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from the R3 website at the following address:

https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20Dec%202015.pdf

It should be noted that, whilst this statement makes reference to the need to provide creditors with a fees and costs estimate in the event that fees are being drawn on a time costs basis, this requirement only applies to appointments on or after 1 October 2015, the date that the Insolvency (Amendment) Rules 2015 ("new rules") took effect. Prior to the new rules, there was no statutory obligation to produce fees and costs estimates.

Details of our charge out rates and policies in relation to the use of staff are provided at Appendix V.

9. Administration expenses

9.1 Subcontractors

We have not utilised the services of any subcontractors in this case.

9.2 Professional advisers

On this assignment we have used the professional advisers listed in section 7 above, in respect of the pre-packaged sale of certain Company' assets.

9.3 Administrators' disbursements

Details of administrators' disbursements that have been incurred and/or paid in the current period together with the cumulative totals for the period of the administration are set out below:

Description	Costs incurred in current period £	Costs paid in current period £	Total costs incurred £	Total costs paid £
Statutory advertising	-	-	150.00	150.00
Administrators' bonds	-	-	140.00	140.00
Company searches	-	-	21.00	21.00
Postage	-	-	9.28	9.28
Online Reporting	-	-	50.00	50.00
Category 2 disbursements (see next section)	-	-	-	-
Total	-	-	370.28	370.28

9.4 Category 2 disbursements

Approval to recover the Category 2 disbursements shown above was given by the creditors was granted by creditors who voted in person and by proxy at the creditors' meeting held on 22nd August 2014

No Category 2 disbursements have been incurred and/or paid in the current period

9.5 Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts and payments summary at Appendix II

9.6 Policies regarding use of third parties and disbursement recovery

Appendix V provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements

10. Outcome for creditors

The estimated outcome for each class of creditors is set out below

10.1 Secured creditors

There are no charges or debentures registered against the Company at Companies House, and we have not been informed of any other forms of security. For these reasons, we are of the view that the Company has no secured creditors

10.2 Prescribed Part

As the Company did not grant any floating charges, the Prescribed Part requirements do not apply

10.3 Preferential creditors

The Company did not have any employees and as such the Company has no preferential creditor claims

10.4 Unsecured creditors

Unsecured creditors are estimated to be £1,269,783 in the directors' SOA

Due to insufficient realisations from the Company's assets we confirm that no dividend to unsecured creditors was paid in this case

11. Ending the administration

The options available to the joint administrators for the exit from administration are as follows

- Company Voluntary Arrangement ("CVA"),
- Return of control to the directors,
- Creditors' Voluntary Liquidation,
- Compulsory Liquidation, or
- Dissolution

It was initially envisaged that the administration would end by exiting via a CVA thereby return the control of the Company to the directors. However, the ability to propose a CVA (as envisaged above) has not come in to fruition. In light of the nil value of the residual assets the joint administrators did not envisage a distribution to creditors, therefore could not propose to convert the administration to a creditors voluntary liquidation.

Should any value in the Company's shareholdings ever occur the two subsequent options, (namely Compulsory Liquidation or Dissolution) have significantly different impacts on creditors' recovery should this ever happen. Dissolution would place the shareholdings "Bona Vacantia" which means they are deemed ownerless property, which by law passes to the Crown, whereby in Compulsory Liquidation, the Company's assets are retained by the Company.

In order for creditors to retain their right to any such realisations, the joint administrators applied to the Court to seek consent to conclude the administration, and petition for the Company to enter Compulsory Liquidation. This petition was filed on the 16 June 2016.

As detailed above due to certain procedural challenges the application to Court to convert the administration to compulsory liquidation was dismissed. As the joint administrators are now out of office the replacement application for the compulsory liquidation is being undertaken by the directors of the Company. Should this subsequent application / petition be dismissed the Company will be dissolved.

The administrators will be discharged from liability under P98(3) of Sch B1 of IA86 immediately upon their appointment as administrators ceasing to have effect being the 18 June 2016.

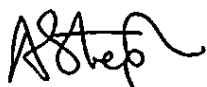
12. Creditors' rights

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 or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

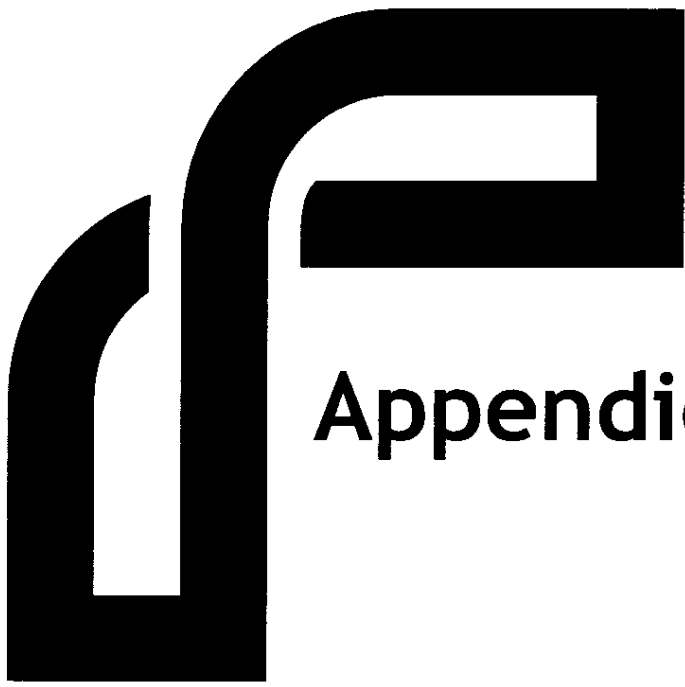
These rights apply only to matters which have not been disclosed in previous reports.

Further information regarding creditors' rights is available on application to the former administrators.



Adam Henry Stephens and Finbarr Thomas O'Connell
Former Joint Administrators

Date: 5 September 2016



Appendices

I Statutory information

Relevant Court	High Court of Justice, Chancery Division, Companies Court
Court Reference	4100 of 2014
Trading Name(s)	N/A
Trading Addresses	N/A
Former Name(s)	N/A
Registered Office	c/o Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY (Formerly Lindeyer Francis Ferguson, North House, 198 High Street, Tonbridge, Kent, TN9 1BE)
Registered Number	5042222
Joint Administrators	Finbarr Thomas O'Connell and Adam Henry Stephens both of 25 Moorgate, London, EC2R 6AY (IP No(s) 7931 and 9748) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally
Date of Appointment	19 June 2014
Appointor	The directors of the company
Extension to period of administration	In the absence of a creditors' committee, secured, preferential creditors and unsecured creditors of the Company provided a resolution by correspondence on 16 June 2015 for the extension of the administration up to the 18 June 2016

II Receipts and payments account

Receipts and payments account to 18 June 2016

Statement of Affairs £		From 28/05/2016 To 18/06/2016 £	From 19/06/2014 To 18/06/2016 £
	ASSET REALISATIONS		
1 00	Shares & Investments	NIL	1 00
4,848 00	Cash at Bank	NIL	11,844 54
4,999 00	Intangibles Connected to Subsidiaries	NIL	4,999 00
3,145 00	VAT Receivable	NIL	NIL
	Bank Interest Gross	NIL	30 62
		NIL	16,875 16
	COST OF REALISATIONS		
	Specific Bond	NIL	140 00
	Smith & Williamson - Pre Admin Fees	NIL	10,000 00
	Administrators' Fees	NIL	3,396 18
	Pre Appointment Legal Fees	NIL	1,000 00
	Pre Appointment Legal Expenses	NIL	100 00
	Pre Appointment Agents Fees	NIL	2,000 00
	Stationery & Postage	NIL	9 28
	Company Search	NIL	21 00
	Statutory Advertising	NIL	150 00
	Bank Charges	NIL	8 70
	Online Reporting	NIL	50 00
		NIL	(16,875 16)
	UNSECURED CREDITORS		
(42,030 00)	Unconnected Creditors	NIL	NIL
(1,227,753 00)	Connected Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,981 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,258,771 00)		NIL	0 00
	REPRESENTED BY		NIL

Notes and further information required by SIP 7

- No payments have been made to us from outside the estate
- Details of significant expenses paid are provided in the body of our report
- Details of payments made to sub-contractors are shown in the body of our report
- Information concerning our remuneration and disbursements incurred is provided in the body of the report

- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report
- All bank accounts are interest bearing
- There are no foreign currency holdings
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT Where VAT is not recoverable it is shown as irrecoverable VAT

III Time analysis for the period

From 28 May 2016 to 18 June 2016

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns reports & meetings	1 00	0 00	8 45	0 00	0 00	9 45	2 962 25	313 47
Initial post appointment notification letters including creditors	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Cashiering general, including bonding	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Job planning reviews and progression (inc 6 month reviews and planning meetings checklist & diary)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Post appointment taxation (VAT PAYE/NIC Corp Tax that are not trading related)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Filing file and information management	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Agents and advisers general	0 00	0 00	0 50	0 00	0 00	0 50	152 50	305 00
Filing Administration and planning	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Director/manager review approval and signing	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Other	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Investigations								
Directors correspondence & conduct questionnaires	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Investigation of legal claims	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
SIP2 and SIP4 obligations (inc CDDA86 forms)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of assets								
Cash at Bank	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Liaising with agents (general)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Sale of business post completion matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Filing realisation of assets	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Other	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors								
Unsecured creditors	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Other	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Corporate Tax								
Corporate Tax	0 00	0 00	0 70	0 00	0 00	0 70	140 00	200 00
Total	1 00	0 00	9 65	0 00	0 00	10 65	3 254 75	305 61

Explanation of major work activities undertaken

Administration and Planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, internal compliance requirements, and certain matters. This work includes the following:

- Statutory notifications, including preparing reports to stakeholders, and work on the application to court for the compulsory liquidation of the company
- Dealing with lawyers in respect of court application
- Maintaining physical case files and electronics case details on IPS (case management software)
- Case bordereau and reviews
- Maintaining and managing the administrators' cash book and bank accounts
- Ensuring statutory lodgements and tax lodgements obligations are met - Time incurred by our corporation tax department in respect of Corporation Tax returns is detailed separately in our time costs matrix

III Cumulative time analysis

From 19 June 2014 to 18 June 2016

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	1 00	18 50	83 10	7 65	0 00	110 25	32 237 50	292 40
Initial post appointment notification letters including creditors	0 00	0 20	2 25	0 00	0 25	2 70	736 50	272 78
Cashiering general, including bonding	0 00	0 00	1 75	1 10	0 00	2 85	570 75	200 26
Job planning reviews and progression (inc 6 month reviews and planning meetings checklist & diary	0 60	4 40	9 60	0 15	0 00	14 75	4 643 50	314 81
Post appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0 00	0 30	5 25	0 00	0 00	5 55	1,599 75	288 24
Filing file and information management	0 00	0 00	0 25	0 15	0 00	0 40	93 75	234 38
Agents and advisers, general	0 00	0 20	3 00	0 00	0 00	3 20	939 00	293 44
Filing Administration and planning	0 00	0 00	0 50	0 00	0 00	0 50	142 50	285 00
Director/manager review, approval and signing	0 20	0 00	2 15	0 00	0 00	2 35	704 50	299 79
Other	0 00	0 00	10 55	0 00	0 00	10 55	3 001 75	284 53
Investigations								
Directors correspondence & conduct questionnaires	0 00	3 00	0 35	0 00	0 00	3 35	1 209 75	361 12
Investigation of legal claims	0 00	1 30	0 00	0 00	0 00	1 30	481 00	370 00
SIP2 and SIP4 obligations (inc CDDA86 forms)	0 00	0 00	1 10	0 00	0 00	1 10	313 50	285 00
Realisation of assets								
Cash at Bank	0 00	0 00	1 70	0 00	0 00	1 70	484 50	285 00
Liaising with agents (general)	0 00	0 00	0 35	0 00	0 00	0 35	99 75	285 00
Sale of business post completion matters	0 00	0 00	0 35	0 00	0 00	0 35	99 75	285 00
Filing realisation of assets	0 00	0 00	1 25	0 00	0 00	1 25	356 25	285 00
Other	0 00	0 20	0 00	0 00	0 00	0 20	74 00	370 00
Creditors								
Unsecured creditors	0 40	7 70	6 95	1 60	0 00	16 65	5 239 75	314 70
Other	0 00	0 50	0 00	0 00	0 00	0 50	185 00	370 00
Corporate Tax								
Corporate Tax	3 50	1 10	7 20	0 00	0 00	11 80	3 502 25	296 80
Total	5 70	17 40	137 65	10 65	0 25	191 65	56 719 00	295 93
Pre-Appointment								
AML Conflict & ethics checks engagement letters	0 00	0 00	0 30	4 70	0 00	5 00	775 00	155 00
Initial meetings	0 00	0 00	1 75	0 00	0 00	1 75	498 75	285 00
Company searches and background checks	0 00	0 00	0 00	0 55	0 00	0 55	82 50	150 00
General advisory work Insolvent	0 00	0 00	1 50	0 00	0 00	1 50	427 50	285 00
Appointment formalities	0 00	1 70	3 35	0 55	0 00	5 60	1 666 25	297 54
Preparation of pre-appointment documents	0 00	0 40	3 25	0 35	0 00	4 00	1 126 75	281 69
Pre pack sale of business	0 00	25 50	18 70	1 55	0 00	45 75	14 997 00	327 80
Job planning	0 00	0 00	3 00	0 35	0 00	3 35	907 50	270 90
File and information management	0 00	0 00	5 50	0 20	0 00	5 70	1 597 50	280 26
Director/manager review approval and signing	0 00	0 00	0 50	0 00	0 00	0 50	142 50	285 00
Other	0 00	0 00	2 65	0 20	0 00	2 85	759 75	266 58
Total	0 00	27 60	40 50	8 45	0 00	76 55	22 981 00	300 21

Explanation of major work activities undertaken

Administration and Planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, internal compliance requirements, and certain matters. This work includes the following:

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising, including preparing reports to stakeholders - due to the requirements of SIP16, and discussions relating to the possibility of pursuing an administration exit strategy via a CVA. A significant amount of time costs have been incurred in drafting the report relating to the sale of the Company's assets and the joint administrators proposals
- Protection of company's assets and records (including electronic)

- Dealing with routine correspondence
- Dealing with agents on general appointment matters, not relating to the sale of assets or correspondence with advisers on investigation matters
- Statutory notifications on the application to court for the compulsory liquidation of the company
- Dealing with lawyers in respect of court application
- Maintaining physical case files and electronics case details on IPS (case management software)
- Case bordereau and reviews
- Case planning, administration, and general case progression, including any adjustments in administrators' strategy
- Maintaining and managing the administrators' cash book and bank accounts
- Dealing client identification and internal Smith & Williamson LLP compliance requirements
- Submitting VAT returns and Corporation Tax returns (when due) - Time incurred by our corporation tax department in respect of Corporation Tax returns is detailed separately in our time costs matrix

Investigations

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. This work includes the following

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors)
- Review and investigation of stakeholders' responses into the failing of the business and actions of company's directors
- Discussions and correspondence with relevant personnel and agents
- Review and storage of books and records
- Preparing a return/report pursuant to the Company Directors' Disqualification Act
- Discussions and correspondence with relevant personnel and agents

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. The work undertaken post-appointment (see overleaf for pre- appointment work) was

- Miscellaneous asset realisation (i.e. cash at bank), outlined in the contents of the report
- Dealing with certain VAT and tax matters relating to the sales process. This includes sourcing certain records

Creditors

Work under this section includes correspondence and other contact with the creditors of the Company. The work includes the following

- Dealing with creditor correspondence via email and telephone
- Preparing reports to creditors
- Maintaining creditors' information on IPS

Pre Appointment

This section includes matters leading up to the appointment of administrators. The work includes the following

- Discussions/meetings with the Company regarding proposed administration and the logistics of appointment
- Preparation of appointment documents and lodgement at Court
- Internal strategy and planning meetings regarding logistics of administration appointment
- Preparation of initial statutory appointment notifications to be issued immediately upon appointment
- Instructing agents Sanderson Weatherall LLP, in respect of a valuation of the Company's assets

A significant amount of the time relates to the pre-pack sale, (45.75 hours), which is explained in detail through the contents of this report. The work relating to this included the following

- Liaising with the interested parties and prospective purchasers. These discussions (as noted earlier) were extended over a longer period of time than envisaged
- Discussions with our sales agents including in respect of the most appropriate sales strategy and tactics to conclude the sale as soon as reasonably practicable
- Sales negotiations, including sales contract negotiations and drafting
- Discussions with our legal advisors in respect of the sales documentation and subsequently in relation to tax matters
- Sourcing information necessary for the sale
- Instructing/liasing with solicitors Gallant Maxwell LLP, to advise on various matters regarding the proposed administration and the possibility / mechanics of any potential sale

V Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are

- Smith & Williamson LLP's policies in relation to
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Disbursement recovery
- Smith & Williamson LLP's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services during the administration are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including

- The industry and/or practice area expertise required to perform the required work
- The complexity and nature of the assignment
- The availability of resources to meet the critical deadlines in the case
- The charge out rates or fee structures that would be applicable to the assignment
- The extent to which we believe that the advisers in question can add value to the assignment

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the administration are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved. [A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the supervisors' remuneration was approved.]

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2015.

Smith & Williamson LLP Restructuring & Recovery Services	From 1/7/13 £/hr	From 1/7/14 £/hr	From 1/7/15 £/hr
Charge out rates:			
Partner / Director (from 1 January 2016)	480	480	480
Associate Director	370	370	370
Managers	235-310	235-310	235-310
Other professional staff	150-235	150-235	150-235
Support & secretarial staff	85	85	85

Smith & Williamson LLP Corporate Tax Department	From 1/7/13 £/hr	From 1/7/14 £/hr	From 1/7/15 £/hr
Charge out rates:			
Partner	470-535	485-550	505-570
Associate Director	350-360	360-370	375-450
Managers	85-295	185-305	200-320
Other professional staff	80-155	85-250	90-165
Support & secretarial staff	50-60	60	60

Notes

- 1 Time is recorded in units representing 3 minutes or multiples thereof.
- 2 The firm's cashing function is centralised and London rates apply. The cashing function time is incorporated within "Other professional staff" rates.

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Principal offices London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Manchester, Salisbury and Southampton

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