

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

administrator(s) of the above company attach a progress report for the period

From

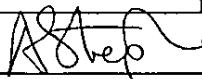
To

(b) Insert date

(b) 28 May 2015

(b) 27 November 2015

Signed

  
Joint Administrators

Dated

18 December 2015

MONDAY

A32 \*A4MQGEPM\* 21/12/2015 #80  
COMPANIES HOUSE



Sustainable Villages Limited  
(in administration)  
("the Company")

Joint administrators' progress report  
for the period 28<sup>th</sup> May 2015 to  
27<sup>th</sup> November 2015

17<sup>th</sup> December 2015



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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 update on the progress in the administration of the Company for the six month period ended 27 November 2015. It should be read in conjunction with 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.

Appendix I contains information in respect of the Company and the administrators that is required under the IR86.

## 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<sup>th</sup> 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.

- Work since the sale has focussed on dealing with certain post sale completion matters, work around a prospective company voluntary arrangement, and undertaking our regulatory responsibilities (including drafting this report)
- The Company has over £1m of unsecured creditors. Circa £40,000 of these are to third parties unconnected with the Company. These have been personally guaranteed by one of the directors of the Company
- It is anticipated that the realisations of the Company's assets will be insufficient to enable a dividend to unsecured creditors. However, it is anticipated that a company voluntary arrangement will be proposed by the administrators to enable creditors to benefit the Company's interest in E-Riser Ltd

The resolution of the position relating to the unconnected creditors (whether by settlement by the guarantor or otherwise) remains outstanding and is the main reason why a Company Voluntary Arrangement has not yet been proposed

## 4. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 28 May 2015 to 27 November 2015. This account includes cumulative figures for the period from 19 June 2014 to 27 November 2015

The receipts and payments account also includes a comparison with the 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](mailto: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
<b>Total</b>	<b>5,000</b>

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

## 4.1 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

## 4.2 Assets still to be realised

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

If any creditor is interested in purchasing them, then they should contact the administrators forthwith

## 4.3 Administration Strategy

Subject to the finalisation of the Company's pre administration tax affairs and the unconnected creditors' claims detailed in the directors' SOA being resolved (by way of settlement by the guarantor or otherwise), it is anticipated that the only creditor claims against the Company will be creditors who are connected with the Company

The joint administrators have been in discussions with the former management about the possibility of the Company proposing a CVA. The majority of the Company's creditors have been consulted on this prospect. A key matter relates to the resolution of the claim of unconnected creditor claims. Negotiations involving the Company's former management, the guarantor of these debts, and the creditors remain ongoing.

A CVA is a formal procedure introduced by Part 1 IA86 which enables a company to agree with its creditors how their debts should be paid and in what proportions. It requires the approval of a majority of 75% or more in value of the creditors voting by proxy or in person on the resolution to implement the CVA creditors. It is essentially a contract between the Company and its creditors and also requires the approval of the Company in general meeting (i.e. approval by the Company's shareholders).

Once approved, a CVA binds all creditors who received notice of the meeting and were entitled to vote at it, whether they actually did vote or not. It also binds creditors who did not receive notice but would have been entitled to vote if they had received notice. There are special provisions for valuing the votes of creditors who are connected with the company.

It is anticipated that this mechanism would enable creditors in the Company to benefit from any future upside in the Company's interest in E-Riser Limited.

Should the CVA be approved by creditors then a term of the CVA would be that the joint administrators return the Company to the directors and terminate the CVA and the administration.

The Company would effectively be a holding company for the shares in SVEL and E-Riser.

It is the joint administrators' belief that should such a CVA be approved then it would be possible for the primary statutory purpose of an administration as detailed in P 3(1)(a) of Sch B1 of IA 86 to be achieved.

## 5. 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, or as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any issues requiring further report.



## 6. Pre-administration costs

At the creditors' meeting held on 22 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

## 7. 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	-
<b>Total</b>	<b>149 65</b>	<b>44,213.00</b>	<b>295 44</b>	<b>-</b>

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

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

[http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov2011.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf)

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix V

## 8. Administration expenses

### 8.1 Subcontractors

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

### 8.2 Professional advisers

On this assignment we have used the professional advisers listed in section 6 above, in respect of the pre-packaged sale of certain Company' assets.

### 8.3 Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period

Description	Incurred to date	Paid to date	Total costs outstanding
	£	£	£
Administrators' bonds	140 00	-	140 00
Company Searches	30 28	-	30 28
Statutory Advertising	150 00	150 00	-
Online reporting	50 00	50 00	-
<b>Total</b>	<b>£365.59</b>	<b>£200.00</b>	<b>£170.28</b>

Note Total costs outstanding may include costs incurred in prior periods, but not yet paid

### 8.4 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 22 August 2014

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

### 8.5 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

## 8.6 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

# 9. Estimated outcome for creditors

## 9.1 No secured or preferential creditors

### 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.

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

### Preferential creditors

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

## 9.2 Unsecured creditors

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

It is anticipated that the realisations of the Company's assets will be insufficient to enable a dividend to be paid to unsecured creditors.

However, if the claims against the Company are in line with the estimates provided within the directors' SOA, then it is envisaged that the joint administrators will propose to exit the administration via a CVA. It is anticipated that this will therefore allow the creditors to benefit in the longer term from the Company's interest in E-Riser.

# 10. Outstanding matters

The remaining actions to be concluded in the administration are as follows:

- If appropriate, propose a CVA,
- Obtaining tax clearance, and
- Closure of the administration, including preparing and issuing the final report

# 11. Ending the administration

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

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

It is envisaged that the administration will end by exiting via a CVA. Should the ability to propose a CVA (as envisaged above) not come in to fruition, or the CVA proposal is rejected by the creditors, then the joint administrators will look to convert the administration to Compulsory Liquidation (or Creditors' Voluntary Liquidation if asset realisations do allow for a distribution to creditors). Creditors' attention is drawn to our earlier reports, including the joint administrators' proposals, in respect of further information on these options.

If the joint administrators deem that exiting via a CVA will not come to fruition and that the shares held in E-Riser Ltd are worthless, then steps will be taken to conclude the administration and proceed to dissolution.

## 11.1 If a CVA is Proposed

As detailed in the joint administrators' proposals, in order to rescue the Company as a going concern, the most appropriate exit route from administration will hopefully be achieved through a CVA.

The administrators have considered the various options available to the Company for achieving the purpose of the administration. On the basis of information received and the alternative options available to creditors, it would appear that this option, if accepted by creditors, will give a greater return to creditors generally than any of the other options available.

Should the joint administrators conclude that a CVA is the most appropriate exit route they will issue suggested terms of the CVA proposal in due course.

# 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.

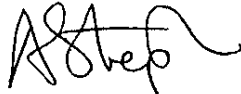
Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for 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 administrators.

## 13. Next report

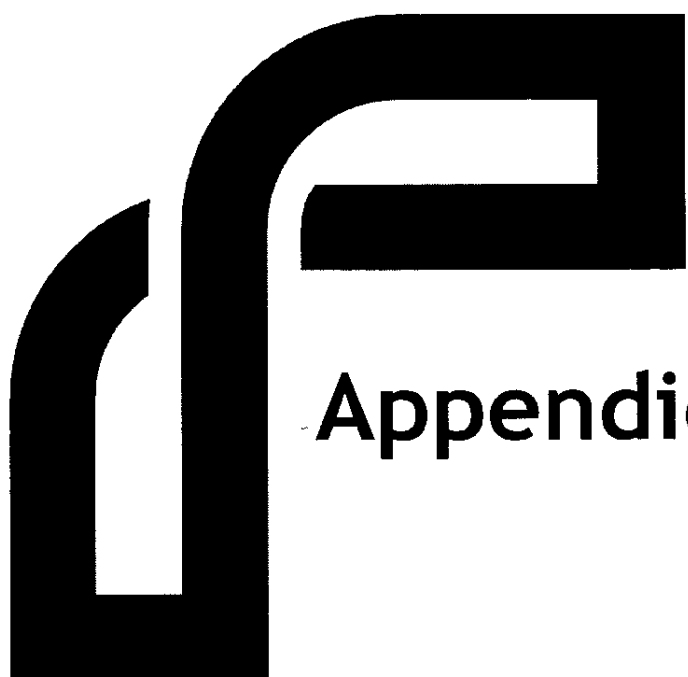
We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report



Finbarr Thomas O'Connell and Adam Henry Stephens

**Joint Administrators**

Date 17<sup>th</sup> December 2015



# Appendices

## I Statutory information

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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 1A86 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

## II Receipts and payments account

Statement of Affairs		From 28/05/2015 To 27/11/2015	From 19/06/2014 To 27/11/2015
£		£	£
	<b>ASSET REALISATIONS</b>		
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
	<b>COST OF REALISATIONS</b>		
	Pre Appointment Legal Fees	NIL	1,000 00
	Pre Appointment Legal Expenses	NIL	100 00
	Pre Appointment Agents Fees	NIL	2,000 00
	Statutory Advertising	NIL	150 00
	Bank Charges	NIL	8 70
	Online Reporting	NIL	50 00
		NIL	(3,308 70)
	<b>UNSECURED CREDITORS</b>		
(42,030 00)	Unconnected Creditors	NIL	NIL
(1,227,753 00)	Connected Creditors	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(1,981 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(1,258,771 00)</b>		<b>NIL</b>	<b>13,566 46</b>
	<b>REPRESENTED BY</b>		
	VAT Receivable Flt Chg		640 00
	Clients Deposit NIB 6 5 15		12,926 46
			<b>13,566 46</b>

### Notes and further information required by SIP 7

- 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 the administrators' remuneration and the associated disbursements incurred are provided in the body of our report
- All bank accounts are non-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 - Period

From 28<sup>th</sup> May 2015 to 27<sup>th</sup> November 2015

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
<b>Administration and planning</b>								
Statutory returns reports & meetings	0 00	1 60	10 25	0 15	0 00	12 00	3 543 25	295 27
Initial post appointment notification letters including creditors	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 10	0 00	0 10	20 00	200 00
Job planning reviews and progression (inc 6 month reviews and planning meetings checklist & diary)	0 00	0 50	0 00	0 05	0 00	0 55	195 00	354 55
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	--
Filing file and information management	0 00	0 00	0 00	0 00	0 00	0 00	0 00	--
Agents and advisers general	0 00	0 00	0 00	0 00	0 00	0 00	0 00	--
Filing Administration and planning	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 75	0 00	0 00	0 75	213 75	285 00
Other	0 00	0 00	2 50	0 00	0 00	2 50	712 50	285 00
<b>Investigations</b>								
Directors correspondence & conduct questionnaires	0 00	0 40	0 00	0 00	0 00	0 40	148 00	370 00
Investigation of legal claims	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	--
<b>Realisation of assets</b>								
Cash at Bank	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	--
Filing realisation of assets	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	--
<b>Creditors</b>								
Unsecured creditors	0 00	0 00	0 15	0 00	0 00	0 15	42 75	285 00
Other	0 00	0 00	0 00	0 00	0 00	0 00	0 00	--
<b>Corporate Tax</b>								
Corporate Tax	0 00	0 00	0 00	0 00	0 00	0 00	0 00	--
<b>Total</b>	<b>0 00</b>	<b>2 50</b>	<b>13 65</b>	<b>0 30</b>	<b>0 00</b>	<b>16 45</b>	<b>4 875 25</b>	<b>296 37</b>

### 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 and advertising, including preparing reports to stakeholders in respect of the extension to the administration, and basic work on a draft CVA proposal
- Protection of company's assets and records (including electronic)
- Dealing with routine correspondence
- 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
- Ensuring statutory lodgements and tax lodgements obligations are met

#### 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)
- Discussions and correspondence with relevant personnel and agents

#### **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

## IV Time analysis - Cumulative

From 19<sup>th</sup> June 2014 to 27<sup>th</sup> November 2015

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
<b>Administration and planning</b>								
Statutory returns reports & meetings	0 00	18 50	66 65	7 65	0 00	92 80	26 995 25	290 90
Initial post appointment notification letters, including creditors	0 00	0 20	2 00	0 00	0 00	2 20	644 00	292 73
Cashiering general, including bonding	0 00	0 00	1 75	0 60	0 00	2 35	462 75	196 91
Job planning reviews and progression (inc 6 month reviews and planning meetings, checklist & diary)	0 00	4 40	8 35	0 05	0 00	12 80	4,009 25	313 22
Post appointment taxation (VAT PAYE/MC Corp Tax that are not trading related)	0 00	0 30	0 50	0 00	0 00	0 80	253 50	316 88
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	0 35	0 00	0 00	0 55	173 75	315 91
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	8 30	0 00	0 00	8 30	2 360 50	284 40
<b>Investigations</b>								
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
<b>Realisation of assets</b>								
Cash at Bank	0 00	0 00	1 70	0 00	0 00	1 70	484 50	285 00
Liassing with agents (general)	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
<b>Creditors</b>								
Unsecured creditors	0 00	7 70	6 45	1 60	0 00	15 75	4 927 25	312 84
Other	0 00	0 50	0 00	0 00	0 00	0 50	185 00	370 00
<b>Corporate Tax</b>								
Corporate Tax	0 00	1 10	0 00	0 00	0 00	1 10	242 25	220 23
<b>Total</b>	<b>0 20</b>	<b>37 40</b>	<b>102 00</b>	<b>10 05</b>	<b>0 00</b>	<b>149 65</b>	<b>44 213 00</b>	<b>295 44</b>
<b>Pre-Appointment</b>								
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
<b>Total</b>	<b>0 00</b>	<b>27 60</b>	<b>40 50</b>	<b>8 45</b>	<b>0 00</b>	<b>76 55</b>	<b>22 981 00</b>	<b>300 21</b>

## 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
- 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
- Ensuring statutory lodgements and tax lodgements obligations are met
- Dealing client identification and internal Smith & Williamson LLP compliance requirements

### **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

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### Introduction

Detailed below are

- Smith & Williamson LLP's policy 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 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 utilised in the period covered by this report 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<sup>th</sup> 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<sup>th</sup> 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 period covered by this report 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 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 Charge out rates:	From 1/7/13 £/hr	From 1/7/14 £/hr	From 1/7/15 £/hr
Partner	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 Charge out rates:	From 1/7/13 £/hr	From 1/7/14 £/hr	From 1/7/15 £/hr
Partner	470-535	485-550	
Associate Director	350-360	360-370	
Managers	85-295	185-305	
Other professional staff	80-155	85-250	
Support & secretarial staff	50-60	60	

## Notes

- 1 Time is recorded in units representing 3 minutes or multiples thereof
- 2 The cashiering function time is incorporated within "Other professional staff" rates

[www.smithwilliamson.co.uk](http://www.smithwilliamson.co.uk)

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

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