

AM10

Notice of administrator's progress report



Companies House

WEDNESDAY



A07 *A771EUZV* 30/05/2018 #238
COMPANIES HOUSE

1 Company details

Company number 0 5 4 1 9 7 8 2

Company name in full FACE Partnership Limited

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

2 Administrator's name

Full forename(s) Gary Paul

Surname Shankland

3 Administrator's address

Building name/number 31st Floor

Street 40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

4 Administrator's name ①

Full forename(s) David Adam

Surname Broadbent

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

5 Administrator's address ②

Building name/number 11 Clifton Moor Business Village

Street James Nicolson Link

Post town Clifton Moor

County/Region York

Postcode Y O 3 0 4 X G

Country

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 3	^m 1	^m 1	^y 2	^y 0	^y 1	^y 7
To date	^d 2	^d 2	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8

7 Progress report

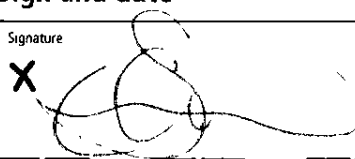
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 2	^d 9	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8
----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------

FACE Partnership Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 23/11/2017 To 22/05/2018 £	From 23/11/2017 To 22/05/2018 £
	SECURED ASSETS		
1.00	Goodwill	1.00	1.00
1.00	Business Intellectual Property Rights	1.00	1.00
1.00	Customer Contracts	1.00	1.00
	Bank Interest	1.03	1.03
1.00	Sellers Records	1.00	1.00
1.00	Business, trading & domain name	1.00	1.00
9,994.00	Nocturne Shares	9,994.00	9,994.00
		10,000.03	10,000.03
	COSTS OF REALISATION		
	Legal Fees & disbursements	8,050.00	8,050.00
		(8,050.00)	(8,050.00)
	SECURED CREDITORS		
(29,027.78)	HSBC Bank Plc	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
10,000.00	Plant & Machinery	10,000.00	10,000.00
1.00	Stock	1.00	1.00
Uncertain	Book Debts	NIL	NIL
	Insurance Refund	37.60	37.60
5,223.57	Cash at Bank	6,723.57	6,723.57
	Bank Interest Gross	6.54	6.54
		16,768.71	16,768.71
	COST OF REALISATIONS		
	Administrators' Fees	12,000.00	12,000.00
	Administrators' Expenses	178.99	178.99
	Agents/Valuers Fees (1)	450.00	450.00
		(12,628.99)	(12,628.99)
	PREFERENTIAL CREDITORS		
(3,884.01)	Employees re Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(233,147.71)	Trade Creditors	NIL	NIL
(21,273.41)	Employees	NIL	NIL
(13,481.00)	HMRC (non VAT)	NIL	NIL
(105,000.00)	Redwood Loan	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(266.80)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(380,857.14)		6,089.75	6,089.75
	REPRESENTED BY		
	Vat Receivable		1,508.88
	Bank 1 Current		350.71
	Bank 2 Current		2,630.16
	Fixed Charge VAT Receivable		1,600.00
			6,089.75

Gary Paul Shankland
Joint Administrator
29 May 2018 09:35



Gary Paul Shankland and David Adam Broadbent were appointed Joint Administrators on 23 November 2017

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

FACE Partnership Limited (In Administration)

Progress report of the Joint Administrators

Period: 23 November 2017 to 22 May 2018

Important Notice

This progress report has been produced by the Administrators solely to comply with their statutory duty to report to creditors on the progress of the Administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of Administrators
- ☐ Progress during the period
- ☐ Estimated outcome for creditors
- ☐ Pre-administration costs
- ☐ Remuneration & disbursements
- ☐ Administrators' Expenses
- ☐ Assets that remain to be realised and work that remains to be done
- ☐ Other relevant information
- ☐ Creditors' rights
- ☐ Conclusion
- ☐ Appendices
 - 1. Account of receipts and payments
 - 2. Time costs and disbursements
 - 3. Statement of administrators' expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	FACE Partnership Limited (In Administration)
"the Administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 23 November 2017
"the Administrators" "their" and "they"	Gary Paul Shankland of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR and David Adam Broadbent of Begbies Traynor (Central) LLP, 11 Clifton Moor Business Village, James Nicolson Link, Clifton Moor, York, YO30 4XG
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "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
"Eddisons"	Eddisons Commercial Limited

2. STATUTORY INFORMATION

Name of Company	FACE Partnership Limited
Trading name(s)	FACE
Date of Incorporation:	9 April 2005
Company registered number:	05419782
Company registered office:	C/O Begbies Traynor, 31 st Floor, 40 Bank Street, London, E14 5NR

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the Administrators:	Gary Paul Shankland, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR and David Adam Broadbent, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 11 Clifton Moor Business Village, James Nicolson Link, Clifton Moor, York, YO30 4XG
Date of Administrators' appointment:	23 November 2017
Date of Administrators' resignation:	N/A
Court:	High Court of Justice, Chancery Division
Court Case Number:	008631 of 2017
Person(s) making appointment / application:	Director
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	There have been no previous extensions to the Administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 23 November 2017 to 22 May 2018.

Receipts

Assets subject to fixed charge

Sale of Business and Assets – Goodwill, Business Intellectual Property Rights, Customer Contracts, Seller records, Business, trading & domain name and Nocturne Shares

As detailed in the Administrators proposals and the initial notifications to creditors, the business and assets were sold to Beatermed Limited as a pre packaged sale. The total sale consideration was £20,000 with an initial payment of £10,000 due and payable on 29 November 2017. In line with the business and assets sale agreement further payments of £5,000 were due on 29 December 2017 and 29 January 2018 respectively.

The following has been paid in respect of fixed charge assets in accordance with the Business and Asset Sale Agreement ("Sale Agreement"):

Description	Amount £
Goodwill	1.00
Business Intellectual Property Rights	1.00
Customer Contracts	1.00
Seller Records	1.00
Business, trading & domain name	1.00
Nocturne Shares	9,994.00
TOTAL	9,999.00

There are no further realisations in this respect.

Bank Interest

Bank interest of £1 has been received in respect of interest earned on the fixed charge bank account.

Payments

Legal Fees and disbursements

To assist with the sale of the business and assets the Administrators engaged Blake Morgan LLP. ("Blake Morgan"). Blake Morgan were paid £8,050 plus VAT.

Receipts

Assets subject to floating charge

Sale of Business and Assets – Plant & Machinery and Stock

As detailed above, the business and assets were sold to Beatermed Limited as a pre packaged sale. The following has been paid in respect of floating charge assets in accordance with the Sale Agreement.

Description	Amount £
Stock	1.00
Plant & Machinery	10,000.00
TOTAL	10,001.00

Insurance Refund

A payment of £37.60 was received in relation to insurance the Company held with Allianz Business Services Ltd.

Cash at bank

The credit balance held in the Company's HSBC bank account was transferred to the Administrators and the accounts were closed. The total amount remitted was £6,724

Bank interest

Bank interest of £7 has been received in respect of interest earned on the bank account.

Payments

Administrators' Fees

The Administrators have been paid £12,000 plus VAT in respect of their remuneration.

Administrators' Expenses

The Administrators have been paid £179 plus VAT in respect of the disbursements they have incurred.

Agents Fees

Eddisons were paid £450 plus VAT for completing a valuation of the Company assets.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on the Administrators' firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings the Administrators have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but they have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

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

During the period of this report, the Administrators have ensured that their files are maintained and regular case reviews are carried out, including reviewing the case strategy to ensure that matters are being progressed in an efficient and timely manner.

The Administrators are required to maintain records to evidence the effective progression of the Administration. This work also demonstrates how the case was administered and documents for the benefit of creditors the reasons for decisions that materially affect the case.

Compliance with the Insolvency Act, Rules and best practice

The Administrators are obliged under best practice to carry out periodic reviews, regular bank reconciliations and bond reviews. The Administrators produced and circulated a six monthly progress report to creditors and filed this report with the Registrar of Companies.

Investigations

The Administrators have a duty to consider the conduct of the Company's director and to make an appropriate submission to the Department of Business, Energy, and Industrial Strategy. The Administrators can confirm they have submitted this confidential report.

Realisation of assets

Sale of business and assets

As detailed above the sale of the business and assets was part of a pre packaged sale, and as such majority of the Administrators time costs and negotiations were undertaken pre appointment. During the period of this

report, the Administrators have liaised with the purchaser regarding the deferred consideration and monitored payment.

The Administrators have liaised with Blake Morgan and the purchaser regarding the transfer of the shares in Nocturne Limited and have completed documentation to enable a formal transfer of the trademarks held by the Company to the purchaser.

There are no further realisations in this regard.

Book debts

On appointment, the director informed the Administrators that there was one outstanding debtor of £13,000 but that this book debt was disputed. The Administrators have written to this debtor to request payment of the balance. As anticipated, the debtor has responded to the Administrators disputed the balance and provided detailed reasons.

The Administrators have provided the director with the debtor's response to ascertain if the reasons for dispute are legitimate. Depending on the response from the director, the Administrators will determine whether they should continue to pursue

Realisation of all assets has a direct financial benefit to creditors as the total realisations will be increased upon receipt.

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

The Administrators have responded to any creditor queries in a timely manner and have retained all claims received on file.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

The Administrators have submitted VAT returns to HM Revenue & Customs ("HMRC") and have submitted a form to deregister the Company for VAT

On appointment the director informed the Administrators that there was a Company pension scheme held with Reassure, however he could not locate any further details of the scheme. The Administrators have sent correspondence to the Pension Protection Fund, the Pensions Regulator and to Reassure in this regard. However, upon further investigation it became apparent that this scheme was a personal pension scheme, and no further action is required by the Administrators.

The Administrators have recently been made aware of an auto-enrolment pension scheme held with Creative auto enrolment ("Creative"). The Administrators are currently liaising with Creative..

Whilst this is not of direct benefit to creditors, it is a statutory/or regulatory requirement that the Administrators investigate matters relating to Pension Schemes.

5. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the director's statement of affairs) are as follows

Secured creditor

HSBC hold a debenture created on 9 May 2005, registered on 10 May 2005 conferring fixed and floating charge over the whole of the Company's assets

Based on current and future realisations, there will be insufficient funds available to enable a dividend to the secured creditor.

Preferential creditors

Due to the sale of the business and assets the only employee was transferred to the purchaser, Beatermed Limited, under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

As detailed in the Administrators proposals one employee was made redundant prior to the appointment of the Administrators. Preferential creditors comprise of arrears of wages p to £800 and accrued holiday pay. To the extent that an employee's contractual arrears of wages are not covered by the statutory limit of £800, the remainder of the claim would rank as an unsecured claim against the Company.

Preferential claims are estimated at £3,884.

Based on current and future realisations, there will be insufficient funds available to enable a dividend to preferential creditors.

Unsecured creditors

Claims of unsecured creditors were estimated at £372,902. To date the Administrators have received claims totalling £300,876.

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

The Administrators will not be making a distribution with the Prescribed Part as the estimate of the Company's net property is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003.

Effect of Administration on limitation periods under the Limitation Act 1980

As the Administrators 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, the Administrators strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6. PRE-ADMINISTRATION COSTS

On 27 February 2018 the following amounts in respect of unpaid pre-administration costs were approved by the secured creditor:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	19,397.98	3,879.60	23,277.58
Legal costs	Blake Morgan	7,229.00	1,445.80	8,674.80
Agents costs	Eddisons	450.00	90.00	540.00
TOTAL PRE-ADMINISTRATION COSTS		27,076.98	5,415.40	32,492.38

7. REMUNERATION & DISBURSEMENTS

The Administrators remuneration has been fixed by the secured creditor on 27 February 2018 by reference to the time properly given by the Administrators and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (London) LLP in attending to matters as set out in the fees estimate. The Administrators are also authorised to draw disbursements for services provided by the Administrators' firm and/or entities within the Begbies Traynor group, in accordance with the Administrators' 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.

The Administrators time costs for the period from 23 November 2017 to 22 May 2018 amount to £20,753 which represents 138 hours at an average rate of £150 per hour.

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

- ☐ Begbies Traynor's charging policy
- ☐ Time Costs Analysis for the period 23 November 2017 to 22 May 2018

To 22 May 2018, we have drawn the total sum of £12,000 on account of our remuneration, against total time costs of £20,753 incurred since the date of our appointment

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, the Administrators are fairly close to the limit of their fees estimate. However, the Administrators do not anticipate that the fee estimate will be exceeded as the case is currently progressing to closure.

Disbursements

To 22 May 2018, we have also drawn disbursements in the sum of £178.99.

Why have subcontractors been used?

As mentioned above, Blake Morgan is a firm of solicitors engaged by the Administrators to complete the sale and purchase of the business and assets of the Company.

It is customary to use qualified legal advisors when dealing with such matters, in order to benefit from their drafting experience, legal expertise and professional liability insurance.

Blake Morgan were engaged on a time costs basis in relation to the sale and purchase agreement.

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 online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact Megan Campbell at this office who will arrange to send you a copy.

8. 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

Creditors will recall that the Administrators estimated that the expenses of the Administration would total £5,300. Unfortunately, the expenses in relation to the legal fees payable to Blake Morgan were higher than initially anticipated. The reasons why the estimate has been exceeded are as follows:

- Protracted negotiations surrounding the sale agreement

9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

The Administrators will continue to ensure that their files are maintained and carry out regular compliance reviews of the case in order to ensure that the case is being progressed in timely manner.

Whilst this is not of direct financial benefit to creditors, it is necessary to carry out the above work as the Administrators are required to maintain records to demonstrate how the case was administered and to document any decisions that affected the case.

Compliance with the Insolvency Act, Rules and best practice

The Administrators are required to produce six monthly progress reports for the duration of the Administration, which are circulated to creditors and filed with the Registrar of Companies. On concluding the Administration a final progress report is also circulated to creditors and filed with the Registrar of Companies. The Administrators expected to conclude the Administration prior to the anniversary of 23 November 2018. Should the Administrators be unable to conclude the Administration prior to this date they will be required to obtain an extension from the secured creditor.

Whilst this not of direct financial benefit to creditors, the Administrators have statutory requirements that they must comply with.

Realisation of assets

Book Debt

The Administrators are currently liaising with the director to review the comments provided by the debtor. At present the debtor strongly disputes the invoice and has provided numerous reasons why. Depending on the comments received by the director will determine if the Administrators are able to pursue the debtor further.

The realisation of book debts is of direct financial interest to creditors

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

The Administrators will continue to respond to any creditor queries and retain any proofs of debt on file.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, fax, litigation, pensions and travel

The Administrators will submit a final VAT return and final Corporation Tax return to HM Revenue & Customs prior to the closure of the Administration. The Administrators will also seek clearance to conclude the Administration from HM Revenue & Customs

The Administrators will continue to liaise with Creative to conclude any outstanding issues surrounding the auto-enrolment scheme.

How much will this further work cost?

Based on current time costs it is anticipated a further £4,897 will be incurred, bringing the estimated total to £25,650.

Expenses

Details of the expenses that the Administrators expect to incur in connection with the work that remains to be done referred to above are detailed below:

- Postage: £200
- Storage £100

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in the Administrators statement of proposals, the Administrators have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the director. The Administrators have complied with our duties in this respect.

Connected party transactions

Details of the pre-packaged sale to Beatermed were provided in the Administrators' statement of proposals.

Proposed exit route from administration

On present information, the Administrators consider that the Company will have insufficient funds to make a distribution to unsecured creditors. As such, once the Administrators have discharged their duties and the purpose of the Administration has been achieved, the Administrators will issue a notice to the Registrar of

Companies, and on registration of this the Administrators shall cease to be in office and the Company will be automatically dissolved within 3 months.

Where the Administrators send such a notice of dissolution to the Registrar of Companies, the Administrators must also file a copy of the notice at court and send a copy to each creditor of the Company.

11. CREDITORS' RIGHTS

Right to request further information

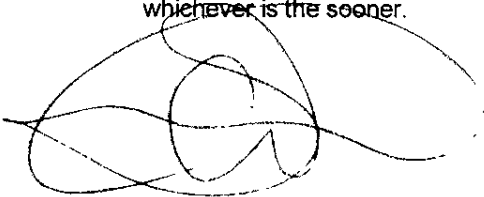
Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that the Administrators provide further information about their 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 eight 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 the Administrators' remuneration is inappropriate.

12. CONCLUSION

The Administrators will report again in approximately six months time or at the conclusion of the Administration, whichever is the sooner.

A handwritten signature in black ink, appearing to be 'G P Shankland', written over a circular stamp or seal.

G P Shankland
Joint Administrator

Dated: 29 May 2018

ACCOUNT OF RECEIPTS AND PAYMENTS

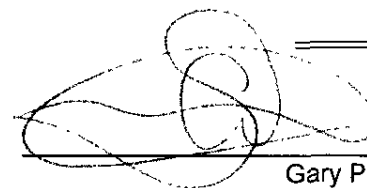
Period: 23 November 2017 to 22 May 2018

FACE Partnership Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 22/05/2018

S of A £		£	£
	SECURED ASSETS		
1.00	Goodwill	1.00	
1.00	Business Intellectual Property Rights	1.00	
1.00	Customer Contracts	1.00	
	Bank Interest	1.03	
1.00	Sellers Records	1.00	
1.00	Business, trading & domain name	1.00	
9,994.00	Nocturne Shares	9,994.00	
			10,000.03
	COSTS OF REALISATION		
	Legal Fees & disbursements	8,050.00	
			(8,050.00)
	SECURED CREDITORS		
(29,027.78)	HSBC Bank Plc	NIL	
			NIL
	ASSET REALISATIONS		
10,000.00	Plant & Machinery	10,000.00	
1.00	Stock	1.00	
Uncertain	Book Debts	NIL	
	Insurance Refund	37.60	
5,223.57	Cash at Bank	6,723.57	
	Bank Interest Gross	6.54	
			16,768.71
	COST OF REALISATIONS		
	Administrators' Fees	12,000.00	
	Administrators' Expenses	178.99	
	Agents/Valuers Fees (1)	450.00	
			(12,628.99)
	PREFERENTIAL CREDITORS		
(3,884.01)	Employees re Arrears/Hol Pay	NIL	
			NIL
	UNSECURED CREDITORS		
(233,147.71)	Trade Creditors	NIL	
(21,273.41)	Employees	NIL	
(13,481.00)	HMRC (non VAT)	NIL	
(105,000.00)	Redwood Loan	NIL	
			NIL
	DISTRIBUTIONS		
(266.80)	Ordinary Shareholders	NIL	
			NIL
(380,857.14)			6,089.75

FACE Partnership Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 22/05/2018

S of A £	£	£
REPRESENTED BY		
Vat Receivable		1,508.88
Bank 1 Current		350.71
Bank 2 Current		2,630.16
Fixed Charge VAT Receivable		1,600.00
		6,089.75



Gary Paul Shankland
Joint Administrator

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor's charging policy, and
- b. Time Costs Analysis for the period from 23 November 2017 to 22 May 2018.

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 £150 per meeting;
- Car mileage is charged at the rate of 45 pence per mile,

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

² Ibid 1

- 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 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 an entity 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):

Instruction of Eddisons to provide a valuation of the Company's assets. Their charge for completing this valuation is £450 plus VAT.

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 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

BEGBIES TRAYNOR CHARGE-OUT RATES

The Administrators propose that the basis of their remuneration be fixed by reference to the time properly given by them and the various grades of their staff calculated at the hourly rate agreed with the secured creditor for various grades of staff, the rate applied is as follows.

Grade of staff	HSBC Charge-out rate (£ per hour)
Consultant/Partner	315
Director	315
Senior Manager	240
Manager	240
Assistant Manager	240
Senior Administrator	170
Administrator	115
Trainee Administrator	115
Support	115

Time is recorded in 6 minute units.

SIP9 FACE Partnership Ltd - Administration - 01FA116.ADM : Time Costs Analysis From 23/11/2017 To 22/05/2018

Staff Grade	Consultant/Partner	Director	Sr Mgr	Mgr	Asst Mgr	Sr Admin	Admin	Jr Admin	Support	N/A	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	1.5					0.6				2.3	599.50	256.30
	Administration	0.6	3.9		0.1		39.0	3.4	0.4	0.6	50.0	6,551.00	131.02
	Total for General Case Administration and Planning	2.1	6.1		0.1		39.6	3.4	0.4	0.6	62.3	7,140.50	136.53
	Appointment		10.0				13.4				23.4	3,941.00	166.42
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding								7.5		6.3	1,114.50	134.28
	Cash Closure												0.00
	Statutory reporting and statement of affairs	1.7	9.2				11.2				22.1	4,031.50	182.42
	Total for Compliance with the Insolvency Act, Rules and best practice	1.7	19.2				24.6		7.5		53.8	9,067.00	168.90
Investigations	CCDA and investigations	0.3	0.1		1.2		8.2				9.8	1,349.50	137.70
	Total for Investigations	0.3	0.1		1.2		8.2				9.8	1,349.50	137.70
Realisation of assets	Debt collection		0.3		0.4						0.7	168.00	240.00
	Property business and asset sales	0.4	2.5				4.5				7.4	1,243.50	166.04
	Retention of Third/Third party assets												0.00
	Total for Realisation of assets	0.4	2.8		0.4		4.5				8.1	1,411.50	174.26
Trading	Trading												0.00
	Total for Trading												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured		0.2				0.4				0.6	94.00	156.67
	Others		0.4				6.3				6.7	823.50	122.46
	Creditors Committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions		0.6				6.7				7.3	917.50	125.27
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel	Seeking decisions of creditors												0.00
	Meetings						2.2				2.2	253.00	115.00
	Other						2.7				2.7	310.50	115.00
	Tax	0.1	0.2				1.8				2.1	286.50	136.43
Total for Other matters	Legal fees												0.00
	Total for Other matters	0.1	0.2				6.7				7.0	850.00	121.43
Total hours by staff grade	Total hours by staff grade	4.6	29.0		1.7		90.3	3.4	7.9	0.6	138.3		
	Total time cost by staff grade	1,449.00	6,960.00		408.00		10,364.50	381.00	908.50		20,753.00		
	Average hourly rate £	315.00	240.00	0.00	240.00	0.00	115.00	115.00	115.00	0.00			150.06
	Total fees drawn to date £											12,000.00	

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Postage	Royal Mail	71.55	70.39	1.16
Bond	Insolvency Risk Services	9.00	9.00	
Insurance	Marsh Ltd	15.00	15.00	-
Statutory advertising	Courts Advertising	84.60	84.60	-
TOTAL		180.15	178.99	1.16
Expenses incurred with entities within the Begbies Traynor Group <i>(for further details see Begbies Traynor Charging Policy)</i>				
Agent's fees paid to Eddisons	Eddisons Commercial Limited	450.00	450.00	-
TOTAL		450.00	450.00	-

AM10

Notice of administrator's progress report



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 **Gary Paul Shankland**

Company name **Begbies Traynor (London) LLP**

Address **31st Floor**

40 Bank Street

Post town **London**

County/Region

Postcode **E 1 4 5 N R**

Country

DX

Telephone **020 7516 1500**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ 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