

The Insolvency Act 1986

Administrator's progress report

Name of Company B-A Financial Limited	Company number 05450450
In the High Court of Justice, Chancery Division, Bristol District Registry (full name of court)	Court case number 694 of 2012

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

We (a)
Nigel Morrison
Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Alistair Wardell
Grant Thornton UK LLP
11-13 Penhill Road
Cardiff
CF11 9UP

Richard White
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

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

(b) Insert date	From (b) 11 May 2016	To (b) 10 November 2016
-----------------	-------------------------	----------------------------

Signed

Joint Administrator

Dated

9/12/16

Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

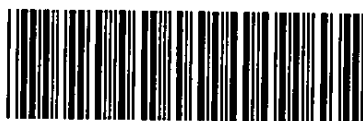
The contact information that you give will be visible to searchers of the public record

Nigel Morrison
Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

DX Number

0117 305 7600
DX Exchange

SATURDAY



A5LK4J9K

A20

10/12/2016

#218

COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



Our Ref N'ZM/ZLC/RJJ/TXA/B01622/
Your Ref

To the creditors

8 December 2016

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

T +44 (0)161 953 6900
F +44 (0)161 953 6317
grantthornton.co.uk

**B-A Financial Limited - In Administration (the Company or BAFL)
High Court of Justice, Chancery Division, Bristol District Registry
No 694 of 2012**

1 Introduction

1 1 Following my appointment as joint administrator of the Company with Alistair Wardell and Richard White by the directors on 3 July 2012, I now report on the progress of the administration to 10 November 2016 and attach

- Appendix A, Form 2 24B, together with an account of our receipts and payments for the period from 11 May 2016 to 10 November 2016 and also for the whole administration to date
- Appendix B, a statement of the remuneration charged by the joint administrators in the period 11 May 2016 to 10 November 2016 and a statement of expenses incurred in the period
- Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2 48A)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (Rule 2 109)

1 2 Please note that we are authorised by the Insolvency Practitioners Association to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

1 3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.

1 4 In addition to the Company we were also appointed as administrators of the following companies:

- Honister Capital Limited (HCL),
- Honister Partners Limited (HPL),
- Burns-Anderson Limited (BAL), and
- Sage Financial Services Limited (SFSL)

- 1 5 The above companies together with BAFL are collectively referred to as the Group throughout this report. HPL, BAL and SFSL are subsidiaries of HCL. BAFL is a subsidiary of BAL.
- 1 6 The administrators' proposals for the Company were contained in our report dated 23 August 2012 and were approved at a meeting of creditors held on 10 September 2012. A creditors committee was not formed at the meeting.
- 1 7 We anticipated in our proposals that there would be a dividend to unsecured creditors.
- 1 8 It was proposed that the administration would end by the Company going into creditors voluntary liquidation, or if no monies were available for unsecured creditors, by the dissolution of the Company.
- 1 9 As there is no creditors committee in the administration of BAFL the administrators will require their discharge from liability from the creditors when the administration ends.

2 Statutory information

- 2 1 The Company's statutory details are as follows:

Registered number	05450450
Registered office	4 Hardman Square, Spinningfields, Manchester, M3 3EB

3 Progress report

- 3 1 We set out this section under the following key headings:

- Appointment of professional advisers
- Accrued income and continuing collection of commissions
- Professional indemnity insurance, run off cover and the Financial Services Compensation Scheme
- Captive insurance cell
- Intra Group debts
- Recharges of expenses of the administrations

Appointment of professional advisers

- 3 2 The professional advisers appointed remain the same for this Company as in our proposals, other than the appointment of FTI Consulting, a firm with expertise in the valuation of financial services business and Bedell Cristin an offshore law firm with expertise in Guernsey law.

Accrued income and continued collection of commissions

- 3 3 MacRobins Limited (MRP), to whom the administrators sold the Company's right title and interest in its trail commission on 27 July 2012, continue to liaise with product providers to ensure that commissions due to the Company are collected.

- 3 4 As previously advised, the company's licence for the information system used by MRP (and previously by the company) to allocate commission income between Active Advisers and Orphan income came to an end on 30 April 2015
- 3 5 We received Active Advisor Income of £80,943 and Orphan income of £151 in the period to 30 April 2015
- 3 6 Total commission income (not analysed between Orphan and Active Advisor) since 30 April 2015 amounts to £61,212 Of this sum £5,714 has been received during the period This amount does not include the distribution to 31 October 2016 received on 15 November 2016 (after the period end date of this report)

Professional indemnity insurance, run off cover and the Financial Services Compensation Scheme (FSCS)

- 3 7 As previously reported, it was not possible to put in place Professional Indemnity (PI) run off cover for the post appointment period as the premiums demanded by insurers were too prohibitive
- 3 8 However, no PI claims had been made by clients of BAFL since appointment to 17 October 2016 (the date of FSCS' last report on claims received) and we are not aware of any claims in existence at the time of our appointment

Captive

- 3 9 Prior to its insolvency, the Group had established a captive insurance cell (the Captive) in Guernsey to self-insure the excess layer of insurance imposed on the Group by the primary insurer
- 3 10 As previously advised, Lawyers in Guernsey (Bedell Cristin) have provided advice on the position of the Captive which is insolvent
- 3 11 It has been agreed that the balance of funds held by the Captive will be repatriated to the Group in two stages
- 1 by way of commutation of the Captive insurance policies allowing for a partial refund of insurance premiums previously paid by the Group and the restoration of the Captive to a solvent position,
 - 2 followed by the solvent winding up of the Captive and repayment of the balance of funds, either by way of the redemption of shares held in the Captive by HCL or dividend payment to HCL, depending on tax advice as to the most appropriate method
- 3 12 Finalisation of this process is now only subject to final confirmation of the documentation by the Captive's lawyers and agreement from the relevant Guernsey authorities It is anticipated that a total sum of c.£800,000 (subject to the Captive's closing costs) will be repaid across the two phases
- 3 13 We anticipate that the partial repayment of insurance premiums will be shared amongst the Group in the same ratio as the insurance premiums were paid prior to our appointment

- 3 14 As previously advised, it is likely that the repatriation of the funds will result in a tax liability

Intra group debts

- 3 15 The directors' statement of affairs shows that BAFL is owed £73,229 by BAL and that £48,686 (66.5% of book value) will be recovered in respect of this debt
- 3 16 The timing and amount of the dividend to unsecured creditors in BAL is difficult to predict at present as BAL continues to receive PI claims from its clients as well as earning on-going commission income

Recharges of the expenses of the administrations

We have explained in previous reports how costs incurred in HCL, the holding company, were recharged to the other companies in the group. HCL continues to incur costs that still need to be recharged

£	Allocation of costs incurred	Transferred to date	Recovery from MRP	Net paid to 10/11/16	Still to Transfer
SFSL	430,886	417,687	(36,714)	380,972	13,199
BAL	225,247	216,873	(23,145)	193,728	8,374
HPL	504,161	491,273	(70,028)	421,245	12,888
BAFL	5,472	5,472		5,472	-
Total	1,165,765	1,131,304	(129,887)	1,001,417	34,461

- 3 17 The updated table above indicates that total costs of £1,165,765 have been incurred by HCL of which BAFL's share is £5,472

4 Outcome for creditors

- 4 1 There are no preferential or secured creditors in BAFL
- 4 2 We anticipate that a dividend will be paid to the unsecured creditors of BAFL although we are unable to estimate the quantum at this stage. The level of dividend will depend on the level of commission collected from product providers, the level of uninsured claims received (if any) and the level of dividend received from BAL.
- 4 3 The timing of a dividend from BAL is, to a large extent, dependent of the FSCS agreeing to crystallise its unsecured claim against BAL in respect of PI claims relating to BAL settled by the FSCS.

5 Joint administrators' remuneration and expenses

- 5 1 On 10 September 2012 the creditors resolved that we draw our remuneration by reference to our time costs. The time costs for this administration for the period from 3 July 2012 to 10 November 2016 are £95,634

5 1 Significant time in the period from 11 November 2015 has been spent on

- compliance with statutory requirements including the preparation of 6 monthly progress reports to creditors
- checking quarterly distribution of commission income and accounting for distributions
- dealing with issues arising in respect of the potential commutation of the Captive insurance
- tax advice in respect of the commutation of the Captive
- checking paperwork in respect of any repayments requested by Product Providers
- allocating expenses incurred in HCL across the Group

5 2 Time costs incurred in the period but not drawn as remuneration to date are disclosed in Appendix B In addition, we have drawn expenses of £200 as indicated in Appendix A and have further expenses to take in due course as set out in Appendix B

5 3 Background information regarding the fees of administrators can be found at https://www.i3.org.uk/media/documents/technical_library/SIPS/SIP%209%20Dec%202015.pdf Alternatively, we will supply this information by post on request Time is charged in 6 minute units

6 Other expenses incurred by the joint administrators

6 1 Please refer to Appendix B which shows the expenses incurred and paid in the period

6 2 Yours faithfully
for and on behalf of B-A Financial Limited



Nigel Morrison
Joint Administrator

The affairs, business and property of B-A Financial Limited are being managed by Nigel Morrison, Alistair Wardell and Richard White, appointed as joint administrators on 3 July 2012

B-A Financial Limited - in administration
from 3 July 2012 to 10 November 2016

	Statement of Affairs	From 03/06/2012 to 10/05/2016	From 11/05/2016 to 10/11/2016	Total
	£	£	£	£
Receipts				
Active Advisor Income		80,943 25	0 00	80,943 25
Orphan Income		150 82	0 00	150 82
Post Appointment Commissions		(8,859 96)	8,859 96	0 00
Group Undertakings - BA	48,686 00	0 00	0 00	0 00
Accrued income	24,000 00	0 00	0 00	0 00
Corporation Tax Refund		26,547 94	0 00	26,547 94
Cash at Bank	15,870 00	15,869 95	0 00	15,869 95
Interest on Tax		140 81	0 00	140 81
Bank/ISA InterestGross		185 20	0 00	185 20
SFSI		(318 04)	318 04	0 00
Commission Income		55,498 10	5,714 23	61,212 33
HIMRC - VAT received/paid		150 55	0 00	150 55
		170,308 62	14,892 23	185,200 85
Payments				
Re-imbursment of Honister Capital Ltd		5,472 22	0 00	5,472 22
Preparation of S of A		5,000 00	0 00	5,000 00
Administrators Fees		68,834 60	17,000 00	85,834 60
Administrators Expenses		200 01	0 00	200 01
VAT irrecoverable		14,922 86	3,400 00	18,322 86
Legal Fees (1)		6,792 25	155 00	6,947 25
Corporation Tax		66 50	0 00	66 50
Statutory Advertising		153 00	0 00	153 00
Bank Charges		436 63	6 86	443 49
Vat on Purchases		1,249 11	0 00	1,249 11
		103,127 18	20,561 86	123,689 04
Net Receipts/(Payments)		67,181 44	(5,669 63)	61,511 81
Made up as follows				
Floating Current Account NIB 07 11 13		67,181 44	(5,669 63)	61,511 81

B Remuneration charged and expenses incurred by the administrators in the period

	Charged/incurred in period 11/05/2016 to 10/11/2016	Cumulative charged/incurred to 10/11/2016	Of which paid to 10/11/2016
	£	£	£
Joint administrators' fees			
Time costs	10,103	95,634	85,835
Expenses	0	200	200
Expenses of the administration.			
Administrative expenses	0	287	287
Intra group recharges	0	5,472	5,472
Legal fees	50	6,792	6,792
Preparation of statement of affairs	0	5,000	5,000

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it

	From 01/07/12	From 01/07/13	From 01/07/14 to date
	£	£	£
Partners up to	580	600	740
Managers up to	440	455	470
Administrators up to	310	320	345
Assistants and support staff up to	210	220	230

Disbursements

Out of pocket expenses are charged at cost and mileage is charged at standard rates. VAT is added to disbursement charges as necessary

B-A Financial Limited - in Administration - B30201622 - SIP 9 TIME COST ANALYSIS

Transaction period 11/05/2016 to 10/11/2016

	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate
Administration and Planning (incl statutory reporting)	2.35	1,171.75	498.62	1.70	731.00	430.00	1.75	377.50	215.71	5.30	795.50	150.09	11.10	3,075.75	277.09
Chargeholders (incl bank reordering)													00		
Corporation Tax				8.45	3,862.00	457.04				10	12.00	120.00	8.55	3,874.00	453.10
Hiatus period													00		
Investigations and reports on directors													00		
Legal													00		
PAYE and VAT				80	344.00	430.00							80	344.00	430.00
Pensions													00		
Preferential creditors													00		
Realisation of Assets Debtors													00		
Realisation of Assets Other assets				2.10	903.00	430.00							2.10	903.00	430.00
Realisation of Assets Property plant vehicles etc (incl HP leasing and third party)													00		
Realisation of Assets Stock and WIP (incl ROT)													00		
Sale of business													00		
Trading													00		
Unsecured creditors				50	215.00	430.00							50	215.00	430.00
Total	2.35	1,171.75	498.62	13.55	6,055.00	446.86	1.75	377.50	215.71	5.40	807.50	149.54	23.05	8,411.75	364.93

Total fees billed to date (Time) £ 85,835

B-A Financial Limited - in Administration - B30201622 - SIP 9 TIME COST ANALYSIS

Transaction period 03/06/2012 to 10/11/2016

	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate	Hrs	£	Avg Hrry Rate
Administration and Planning	27 29	13 050 85	478 23	57 90	22 877 00	395 11	42 63	10 284 10	241 24	78 92	12,971 25	164 36	206 74	58,183 20	286 27
Creditors	1 00	465 00	465 00	6 45	2,578 00	399 69	5 10	1 205 00	236 27	9 10	1,634 50	179 62	21 65	5 882 50	271 71
Hiatus period															
Investigations															
Pensions				1 20	570 00	475 00	1 30	351 00	270 00	2 50	418 75	167 50	3 80	769 75	202 57
Realisation of Assets				16 50	6 834 00	414 18	5 10	1 309 00	256 67				1 20	570 00	475 00
Taxation				32 15	13,796 00	429 11	23 15	6,714 50	290 04	2 90	411 50	141 90	21 60	8,143 00	378 99
Trading							64	147 20	230 00				64	147 20	230 00
Unclassified										20	16 00	80 00	20	16 00	80 00
Total	28 29	13,515 85	477 76	114 20	48,655 00	408 54	77 92	20,010 80	256 81	93 62	15,452 00	165 05	314 03	95,633 65	304 54

Total fees billed to date (Time) . £ 85,835

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2 48A

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2 47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specifyand may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration