

The Insolvency Act 1986

Administrator's progress report**2.24B**

| | |
|---|----------------------------------|
| Name of Company DEBUT SPORTS & LEISURE LIMITED | Company number 06504874 |
| In the High Court of Justice, Chancery Division, Companies Court, London | Court case number 992 of 2016 |

(a) Insert full name(s)
and address(es) of
administrator(s)I/We (a) Colin Prescott & Andrew Beckingham of Leonard Curtis, 2nd Floor,
30 Queen Square, Bristol BS1 4ND

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

| | | |
|------------------|---------------------------|-----------------------------|
| (b) Insert dates | from (b) 02 March 2016 | to (b) 01 September 2016 |
|------------------|---------------------------|-----------------------------|

Signed

Joint Administrator

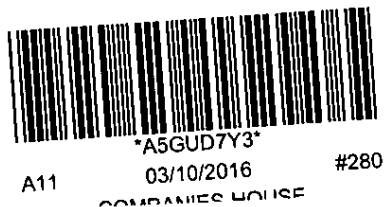
Dated

28 September 2016**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.

| | |
|---|-------------------|
| Leonard Curtis | |
| 2nd Floor, 30 Queen Square, Bristol BS1 4ND | |
| Ref: NFH/29 | Tel 0117 929 4900 |
| DX Number | DX Exchange |

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



DEBUT SPORTS & LEISURE LIMITED
(IN ADMINISTRATION)

Registered Number: 06504874
Court Ref: 992 of 2016
High Court of Justice, London

**Joint Administrators' First Progress Report in Accordance
With Rule 2.47 of the Insolvency Rules 1986**

Report Period
2 March 2016 to 1 September 2012

30 September 2016

Leonard Curtis
2nd Floor, 30 Queen Square, Bristol BS1 4ND
Tel 0117 929 4900 Fax. 0117 927 0000
recovery@leonardcurtis.co.uk
Ref S/29/NFH/SD605B/1010

***Please note our new address
(as from 7 October 2016):
2nd Floor, 40 Queen Square,
Bristol BS1 4QP***

30 Queen Square
Bristol
BS1 4ND

**Tel 0117 929 4900
Fax 0117 927 0000**

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**STRICTLY PRIVATE AND CONFIDENTIAL
NOT FOR PUBLICATION**

**TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL MEMBERS**

1 INTRODUCTION

- 1.1 This Report has been produced in accordance with Rule 2.47 of the Insolvency Rules 1986 to provide Creditors with an update on the progress of the Administration of Debut Sports & Leisure Limited ("the Company") for the period from 2 March 2016 to 1 September 2016. This is the Joint Administrators' First Progress Report to Creditors.

2 STATUTORY INFORMATION

- 2.1 Colin Prescott and Andrew Beckingham were appointed as Joint Administrators of Debut Sports & Leisure Limited in the jurisdiction of the High Court of Justice, Chancery Division, Companies Court, under Court reference 992 of 2016. The Administration Appointment was made by the Director.
- 2.2 The Administration is being handled by the Bristol Office of Leonard Curtis, which is situated at 2nd Floor, 30 Queen Square, Bristol BS1 4ND.
- 2.3 The registered office and principal trading address of the Company was Unit 1.9 Paintworks, Bath Road, Bristol BS4 3EH and its registration number is 06504874. The business traded under its registered name.
- 2.4 Following the appointment of the Joint Administrators, the Company's Registered Office was changed to 2nd Floor, 30 Queen Square, Bristol BS1 4ND.
- 2.5 For the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 (as amended), it should be noted that during the period in which the Administration Order is in force, any act or function required or authorised under any enactment to be done by the Administrator may be exercised by all or any of the persons holding that office.
- 2.6 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

3 JOINT ADMINISTRATORS' PROPOSALS

- 3.1 Attached at Appendix A is a summary of the Joint Administrators' approved proposals for achieving one of the three statutory purposes of Administration.
- 3.2 The Joint Administrators' Proposals were deemed approved on 10 May 2016.
- 3.3 There have been no major amendments to, or deviations from, the Proposals during the course of the Administration to date.
- 3.4 The objective of the Administration is to realise property in order to make a distribution to Secured and / or Preferential Creditors, which continued to be pursued.

4 PROGRESS OF THE ADMINISTRATION

4.1 Attached at Appendix B is the Joint Administrators' Receipts and Payments account for the period from 2 March 2016 to 1 September 2016

4.2 Stock

Creditors will recall from our previous detailed report that extensive enquiries were undertaken following the date of appointment in order to reconcile the Company's stock position. Independent Agents and Legal advisors were duly instructed to assist in this regard.

The Company's stock holding comprised various own brand and licenced products, held at three third party locations in Southampton, Bristol and Liverpool. A number of issues in dealing with the stock were subsequently identified, arising from potential lien claims, licencing and intellectual property restrictions, as well as a number of obsolete product lines.

Given the limited value of 'saleable' items located at the Bristol and Liverpool locations, it was not cost effective to seek release of the items having regard to the settlements due to the purported lien Creditors, ongoing storage costs and furthermore the costs associated in uplifting and administering a sale of the products in question.

In relation to stock held in Southampton, particulars were circulated to various parties held within this Firm's and associated party databases, as well as those of our appointed Agents, in order to identify any potential interest in acquiring such rights and title held by the Company.

In addition, detailed discussions were undertaken with Argos, as a key customer of the business and licensor of a substantial level of product lines held, to seek any potential interest in this regard.

Protracted correspondence has ensued with Argos, their appointed legal advisors, and a number of third parties in order to advance matters.

Unfortunately, the initial interest expressed by Argos was not proceeded with. Due to prevailing licencing restrictions, the Joint Administrators are prohibited by law from offering certain branded product lines for sale within the licenced territories, to any other party. Accordingly, this has resulted in a substantial impact on the saleability and value of the Company's stock holding. The Joint Administrators are seeking to establish any interest outside of the licenced jurisdiction with a view to realising any potential benefit to the estate, albeit it is not anticipated the level of realisation in such circumstances will be at the value originally envisaged.

In relation to the remaining non branded products, several offers have been received and are under review with the assistance of our duly appointed Agents. Negotiations currently remain ongoing with relevant interested parties, as well as the storage facilitator, with a view to concluding a sale of the stock and reaching a commercial agreement in relation to release of these items.

At this stage, we do not intend to disclose the value and nature of these offers or arrangements, which remain subject to ongoing review and contract, given the commercial sensitivity of those negotiations in progress.

Full details will be circulated regarding the outcome in due course and once formal agreements are finalised.

4.3 Stock – Restricted Nevaboard Products

As detailed in our previous report, the Company holds in the region of 6000 units of 'Nevaboard' hoverboard products, also housed in third party storage in Southampton. The products are currently subject to prohibition from sale, and associated restrictions on movement and dealing, as a result of safety concerns raised by the Trading Standards Authority.

Detailed discussions have been held with Trading Standards in order to understand the events leading up to the state of affairs on appointment and identify the basis of concerns and deficiencies in the product

Background and technical data has been acquired and considered extensively with input and assistance from Company Officers, Advisors and independent experts. These steps have necessitated substantial time being expended and legal advice being sought.

The Joint Administrators and their advisors are carefully considering the viability of any potential options in relation to the products, including establishing the practicalities and potential benefit in reworking the stocks to bring them to conformity.

There are a number of factors and variables which remain under consideration in establishing whether it is commercial to embark on this course of action, one of which being the lack of funds available to the Joint Administrators to meet the costs of necessary work and associated testing.

We have therefore entered into discussions with several parties who may be willing to underwrite the costs of reworking and administering the required testing of the products, under the strict supervision and control of the Joint Administrators. These discussions, together with ongoing assessment of the commercial reality, bearing in mind the variables in terms of both practical and logistical factors as well as ultimately the unknown realisable value in the event where the product were ever made good, remain ongoing.

It should be stressed that the safety of the product is of paramount importance, the Joint Administrators remain in regular communication with Trading Standards to ensure that any potential proposal under consideration meets with their approval. Any rework, if proceeded with, will be subject to independent testing by approved test houses in strict accordance with prevailing guidelines and law.

It is currently uncertain as to whether any benefit can be achieved in this regard albeit we will report to Creditors further as matters progress.

4.4 Book debts

Bibby Financial Services Limited ("Bibby") provided invoice financing facilities to the Company under the terms of an Agreement dated 11 August 2015. Bibby holds security by way of fixed and floating charges over the assets of the Company.

At the date of Administration, the Company's debtor ledger totalled in the region of £813,400 with advances from Bibby amounting to approximately £610,482. This figure does not take into account interest, termination or other charges which may apply under the terms of the agreement.

A significant portion of the ledger balance comprises accounts with Argos and other group companies. These balances are subject to a number of disputes and potential counterclaims arising as a result of the supply and subsequent issues surrounding the Nevaboard product.

The remainder of the ledger is currently being administered by Bibby. The value of realisations in relation to the ledger is currently uncertain, albeit it is anticipated there will be a substantial shortfall to Bibby in this regard.

5 ASSETS STILL TO BE REALISED

- 5.1 Details regarding ongoing asset realisations are set out above. The Joint Administrators are also making enquiries into the tax affairs of the Company for the purposes of establishing the availability of any reclaim which may be due.

6 INVESTIGATIONS

- 6.1 Following appointment, the Joint Administrators have considered the information acquired in the course of appraising and realising the business and assets of the Company, together with information provided by the Company's directors and its Creditors, in order to identify both any potential additional realisations for the estate and what further investigations, if any, might be appropriate. That assessment remains ongoing as part of those asset realisation matters described above.
- 6.2 If any Creditor is aware of any particular matters which they consider require investigation, they should please send full details to this office at the address given at the front of this report.
- 6.3 The Joint Administrators have complied with their statutory obligations under the Company Directors Disqualification Act 1986 and the appropriate report has been submitted to the relevant authority.

7 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**Pre-Administration Costs**

- 7.1 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below.

| Charged by | Services provided | Total amount charged £ | Amount paid £ | Who payments made by | Amount unpaid £ |
|-------------------------|---|---------------------------|------------------|----------------------|--------------------|
| Leonard Curtis Recovery | Initial financial assessment & appointment particulars | £2,863 | Nil | N/A | £2,863 |
| DAC Beachcroft LLP | Advice, statutory documentation | £348 | Nil | N/A | £348 |
| | Disbursements | £50 | Nil | N/A | £50 |
| Francis Wilks & Jones | Advice, statutory documentation & appointment particulars | £780 | Nil | N/A | £780 |
| | Disbursements | £61 | Nil | N/A | £61 |
| Cerberus Group | Asset valuation, strategy & advice | £1,500 | Nil | N/A | £1,500 |
| RSCM Associates Limited | Provision of financial & accounting information | £813 | Nil | N/A | £813 |

- 7.2 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of Creditors. In this case, the Joint Administrators are required to seek the approval of the Secured and Preferential Creditors, which will be attended to with those Creditors Directly.

Joint Administrators' Remuneration

- 7 3 The Joint Administrators anticipate that the Company has insufficient property to enable a distribution to be made to Unsecured Creditors aside from the prescribed part fund. In such circumstances, responsibility for approving the basis of the Joint Administrators' remuneration lies with the Creditors' Committee (if there is one), or if none (or the Committee does not make the requisite determination) each Secured Creditor of the Company, or where the Joint Administrators intend to make a distribution to Preferential Creditors each Secured Creditor of the Company and a majority (in value) of the Preferential Creditors who choose to vote on the remuneration resolution. In the circumstances of this case, approval will be sought from Secured and Preferential Creditors.
- 7 4 At this stage the Joint Administrators have not obtained any form of fee approval and it is intended that this matter is reviewed with those relevant Creditors in the near future.
- 7 5 The time costs incurred by the Joint Administrators and their staff in the current report period amount to £110,883.50. This represents 304.6 hours at an average rate of £365.34 per hour. A summary of time costs incurred in the period is attached at Appendix C.
- 7 6 In addition, provided at Appendix D is a detailed description of work undertaken attributable to each category of time costs and explanation of why it was necessary for that work to be performed.
- 7 7 Creditors can access further information on Administrators' Fees in "A Creditors' Guide to Administrators' Fees" which may be downloaded from

<http://www.leonardcurtis.co.uk/resources/creditorsguides>

If you would prefer this to be sent to you in hard copy please contact Nicola Harcombe of this office on 0117 929 4900.

Joint Administrators Statement of Likely Expenses

- 7 8 Creditors will recall that the Joint Administrators' have previously circulated a 'Statement of Likely Expenses' in this matter.
- Expenses are separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and/or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in a particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs).
- 7 9 A copy of the Joint Administrators' initial Statement of Likely Expenses, together with comparative details of expenses incurred during the current reporting period and confirmation as to whether those amounts are paid or unpaid is set out at Appendix E.
- 7 10 You will note that, in general, the nature and value of expenses incurred to date fall within those anticipated within the original statement of expenses.
- 7 11 Attached at Appendix F is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

7 12 Unsecured Creditors whose debts amount to at least 5% of the total value of the unsecured claims, or any Secured Creditor, may request further information regarding remuneration or expenses (other than pre Administration costs) by submitting their written requests before 24 October 2016

7 13 In addition, Unsecured Creditors whose debts amount to at least 10% of the total value of the unsecured claims, or any Secured Creditor, may apply to court, if they believe the remuneration charged or expenses incurred by the Joint Administrators to be excessive or the basis fixed for the Joint Administrators' remuneration to be inappropriate. Any application should be made within 8 weeks of receipt of this report

8 ESTIMATED OUTCOME FOR CREDITORS

8 1 Secured Creditors

Bibby Financial Services Limited ("Bibby")

As referred to above, Bibby hold security by way of fixed and floating charges over the assets of the Company under a Charge dated 3 July 2015

It is understood that the indebtedness to Bibby at the date of appointment, excluding interest and charges, totalled £610,482

HSBC Bank Plc ("HSBC")

HSBC provided banking facilities to the Company. HSBC hold security by way of fixed and floating charges over the assets of the Company under Charges dated 10 July 2014, 3 June 2013 and 30 May 2013

At the date of appointment, the consolidated position as to the Company's accounts totalled £3,023 DR

HSBC Invoice Finance (UK) Limited ("HSBCIF")

HSBCIF hold a Charge comprising fixed and floating charges over the assets of the Company under a Charge dated 14 June 2013. It is understood that this relates to historic facilities operated by the Company, where no liability remains outstanding

Priority Agreement

It is understood that the Charges referred to are subject to a Priority Agreement, which provides that the Charge granted in favour of Bibby ranks in priority to that of HSBC in respect of non vesting debts and stock. In all other respects, HSBC are entitled to priority

8 2 Preferential Claims

Preferential claims represent those of employees' entitlements, relating to arrears of wages and holiday pay, within prescribed statutory thresholds

The calculated preferential entitlements in relation to arrears of wages and holiday pay in this matter total £7,564. The availability of a return to Preferential Creditors is dependent on the outcome of asset realisation matters referred to above

8.3 Prescribed Part

The Insolvency Act 1986 provides that, where a Company has created a Floating Charge after 15 September 2003, the Administrator must make a *prescribed part* of the company's net property available to the Unsecured Creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of Unsecured Claims

The availability of a prescribed part fund in this case is dependent on the outcome of ongoing asset realisation matters described above. In instances where it is anticipated that there is no prospect of a dividend to Unsecured Creditors aside from the prescribed part fund, as is the case here, the fund will be distributed at the appropriate time by the Joint Administrators

8.4 Unsecured Non-Preferential Claims

Based on current information, it is considered unlikely that there will be sufficient funds available to enable a distribution to Unsecured Creditors aside from any potential prescribed part fund. Creditors should however continue to submit details of their claims using the statement of claim form attached at Appendix G

9 EXTENSIONS TO THE ADMINISTRATION

9.1 The appointment of Administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment

9.2.1 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of

- each Secured Creditor of the Company, and
- Preferential Creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any Creditor who does not respond to an invitation to give or withhold consent

9.3 The appropriate body of Creditors will be contacted in due course should an extension be required

10 NEXT REPORT

10.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised

If you wish to discuss the issues raised in this report or require any additional information please contact this office

For and on behalf of
DEBUT SPORTS & LEISURE LIMITED



COLIN PRESCOTT
JOINT ADMINISTRATOR

Licensed in the UK by the Institute of Chartered Accountants in England and Wales

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

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that

- 1 The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company
- 3 If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that Colin Prescott and Andy Beckingham be appointed Joint Liquidators of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved
- 4 Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration
- 5 In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved
- 6 The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company
- 7 The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Colin Prescott and Andy Beckingham be appointed Joint Liquidators of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them
- 8 The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM
2 March 2016 to 1 September 2016**

Statement Of
AffairsFrom 02/03/2016 To
01/09/2016**RECEIPTS**

| | | |
|-----------------------------------|--|---------------|
| ASSET SPECIFICALLY PLEDGED | | |
| Uncertain | Factored Book Debts | 0 00 |
| | | <u>0 00</u> |
| FIXED CHARGE CREDITORS | | |
| 610,482 | Bibby Financial Services Limited | 0 00 |
| | | <u>0 00</u> |
| ASSETS SUBJECT TO LIEN | | |
| 139,942 | Stock - Location 1 | 0 00 |
| (136,817) | Stock - Location 2 | 0 00 |
| (8,725) | Stock - Location 3 | 0 00 |
| | | <u>0 00</u> |
| FLOATING CHARGE ASSETS | | |
| Nil | Office Equipment | 0 00 |
| 4,295 | VAT Refund | 116 97 |
| - | Deposit Interest Gross | 0 04 |
| - | Sundry Receipts | 111 50 |
| | | <u>228 51</u> |
| PAYMENTS | No Payments have been made in the period | 0 00 |
| | | <u>0 00</u> |
| BALANCE IN HAND | | <u>228.51</u> |

DEBUT SPORTS & LEISURE LIMITED – IN ADMINISTRATION

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD FROM
2 March 2016 to 1 September 2016

| | Director | | Manager 1 | | Manager 2 | | Administrator 1 | | Total | | Average Hourly Rate £ |
|--------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------------|-----------|-------|------------|-----------------------------|
| | Units | Cost £ | Units | Cost £ | Units | Cost £ | Units | Cost £ | Units | Cost £ | |
| Statutory & Review | 5 | 225 00 | 279 | 10,183 50 | 62 | 1,984 00 | 30 | 780 00 | 376 | 13,172 50 | 350 33 |
| Receipts & Payments | - | - | - | - | 45 | 1,440 00 | - | - | 45 | 1,440 00 | 320 00 |
| Insurance | - | - | - | - | 31 | 992 00 | - | - | 31 | 992 00 | 320 00 |
| Assets | 292 | 13,140 00 | 1,351 | 49,311 50 | 14 | 448 00 | - | - | 1,657 | 62,899 50 | 379 60 |
| Liabilities | 10 | 450 00 | 8 | 292 00 | 267 | 8,544 00 | - | - | 285 | 9,286 00 | 325 82 |
| Debenture Holder | 5 | 225 00 | 7 | 255 50 | - | - | - | - | 12 | 480 50 | 400 42 |
| General Administration | 45 | 2,025 00 | 236 | 8,614 00 | 94 | 3,008 00 | - | - | 375 | 13,647 00 | 363 92 |
| Appointment | 5 | 225 00 | - | - | 11 | 352 00 | - | - | 16 | 577 00 | 360 63 |
| Planning & Strategy | 10 | 450 00 | 19 | 693 50 | - | - | - | - | 29 | 1,143 50 | 394 31 |
| Post Appointment Credits Mtngs | 20 | 900 00 | - | - | 56 | 1,792 00 | - | - | 76 | 2,692 00 | 354 21 |
| Investigations | - | - | 6 | 219 00 | 105 | 3,360 00 | - | - | 111 | 3,579 00 | 322 43 |
| Case Specific | - | - | 13 | 474 50 | - | - | - | - | 13 | 474 50 | 365 00 |
| LEGAL SERV - Preparation | 10 | 450 00 | - | - | - | - | - | - | 10 | 450 00 | 450 00 |
| Total | 402 | 18,090 00 | 1,919 | 70,043 50 | 685 | 21,920 00 | 30 | 780 00 | 3,036 | 110,833 50 | |
| Average Hourly Rate (£) | | 450 00 | | 365 00 | | 320 00 | | 260 00 | | 365 06 | |
| All Units are 6 minutes | | | | | | | | | | | |

DESCRIPTION OF TIME SPENT BY CATEGORY

Statutory and Review

This category of activity encompasses work that the Joint Administrators have undertaken for both statutory and case management purposes during the period covered by this report. Whilst this work may not directly result in any monetary value for creditors, it serves to ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category includes the following

- Case management reviews. These reviews are carried out periodically throughout the life of the case. In the early stages of the case this has involved weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses, as a minimum reviews are carried out at three monthly and six monthly intervals to ensure that the case is progressing as planned.
- Allocation of staff, management of staff, case resourcing and budgeting. In general, efforts have been made to keep case costs to a minimum where possible. This case has necessitated ongoing attendance by senior members of staff in some areas, given the complexities surrounding the unique nature of the Company's business and property including intellectual property rights, and high level negotiations with suppliers and interested parties.
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9,
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice,
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years,
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements.

Receipts and Payments

Although this category of work will not necessarily result in a direct financial benefit for creditors, expending time on the Company's Receipts and Payments is an essential part of the administration of the case. During the period covered by this report, the Joint Administrators have expended time in closely monitoring case bank accounts, (which is essential to ensure that bank interest is maximised where possible), ensuring that estate expenses are properly managed and kept to a minimum and ensuring that amounts payable to creditors are identified and distributed promptly.

Further work has included the following -

- Managing estate expenses including reconciliation, agreement and payment ongoing holding costs and services
- Opening of case bank account
- Management of case bank account to ensure compliance with relevant risk management procedures,
- Regular review of case bank account by senior member of staff to ensure that fixed and floating charge assets have been properly identified and prescribed part funds have been set aside where appropriate
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports
- The timely completion of all post appointment tax and VAT returns by the Joint Administrators, as required by law

Assets

- Detailed reconciliation of stock held at various locations
- Review rights, title and legalities relating to branded / licenced stock

- Detailed negotiations with storage providers
- Attending to purported liens / third party claims
- Preparations and coordination of marketing particulars, enquires from interested parties
- Meetings with interested parties
- Liaising with Agents and Legal Advisors
- Nevaboard products, meetings and detailed correspondence with Trading Standards, legal advisors and specialists
- Detailed enquires, substantial research and technical review and advice
- Numerous meetings with stakeholders and interested parties
- Protracted ongoing negotiations with Stakeholders

Liabilities

The Joint Administrators have expended time in dealing with matters of both a statutory and non-statutory nature in dealing with the Company's liabilities during the period covered by this report -

Statutory

- Processing of claims from the Company's creditors – at this stage claims are being registered in anticipation of a future dividend albeit no formal adjudication will take place until a return becomes available to that class of Creditor
- Processing of claims from the Company's employees – attending to matters immediately following redundancy, communicating with employees and assisting with the claims process including the provision of information and correspondence with the Redundancy Payments Office
- Preparation, review and submission of pre-appointment tax and VAT returns
- Preparation and submission of periodic progress reports to creditors

Non-statutory

- Dealing with enquiries from the Company's creditors including lien claimants and storage facilitators
- Dealing with correspondence and enquiries from the Company's employees

General Administration

The Joint Administrators have taken the following action with regards to General Administration of the case during the period covered by this report

- General planning matters,
- Setting up and maintaining the Joint Administrators' records,
- Arranging collection and storage of company records, and
- Dealing with general correspondence and communicating with directors and shareholders

Appointment

- Statutory notifications to creditors and other interested parties following the administrators' appointment as required by law,
- Preparation of case plan, and
- Formulation of case strategy, including recording of any strategic decisions

Post Appointment Creditors' Meetings

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration,
- Preparation of Fees Estimate and Statement of Likely Expenses as required by the Insolvency Rules 1986 (as amended), and
- Convening a meeting by correspondence to agree Fees Estimate with appropriate body of creditors,
- Reporting on outcome of voting

Investigations

- Collecting and reviewing the Company's records
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Companies Directors Disqualification Act 1986

Insurance, Bonding and Pensions

The Joint Administrators are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Review to identify any pre-appointment insurance claims
- Periodic review of insurance requirements over physical assets, to minimise costs to the estate,
- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors,
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice,
- On line searches and reviews of both company accounts and bank statements were carried out to establish as to whether the company operated a pension scheme. No pension scheme was found so no further requirement was needed.

JOINT ADMINISTRATORS' EXPENSES

Standard Expenses

| Type | Description | Estimated Amount £ | Amount Incurred to Date | Amount Paid | Amount Unpaid |
|-----------------------|------------------------------------|-----------------------|-------------------------|-------------|---------------|
| AML Checks | Electronic client verification | 5 | 5 | - | 5 |
| Bond Fee | Insurance bond | 135 | 135 | - | 135 |
| Company Searches | Companies House Information | 10 | - | - | - |
| Document Hosting | Hosting of documents for Creditors | 14 | 14 | - | 14 |
| Software Licence Fee | Case management system licence fee | 87 | 87 | - | 87 |
| Statutory Advertising | Advertising | 237 | 80 55 | - | 80 55 |
| Storage Costs | Storage of books and records | 300 | 202 | - | 202 |
| Post redirection | Redirection of post | 160 | 160 | - | 160 |
| | Total standard expenses | 948 | 620 55 | - | 620 55 |

Case Specific Expenses

| Type | Description | Estimated Amount £ | Amount Incurred to Date | Amount Paid | Amount Unpaid |
|---------------|--|-----------------------|-------------------------|-------------|------------------|
| Agents' Fees | Costs of valuing and realising assets | 5,000 | tbc | - | tbc |
| Legal Fees | Costs of appointed solicitors | 25,000 | 28,113 | - | 28,113 |
| Staff Mileage | Category 2 disbursement requiring specific creditor / committee approval | 30 | 377 32 | - | 377 32 |
| IT Support | IT Support | - | 566 60 | - | 566 60 |
| | Total case specific expenses | 30,030 | 29,056 92 | - | 29,056 92 |

ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS REGARDING FEES AND DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

Staff Allocation and Support Staff

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

| With effect from 6 Jan 2014 | Standard £ | Complex £ | 1 Jan 2012 to 5 Jan 2014 | Standard £ | Complex £ |
|-----------------------------|---------------|--------------|--------------------------|---------------|--------------|
| Director | 450 | 562 | Director | 425 | 531 |
| Senior Manager | 410 | 512 | Senior Manager | 385 | 481 |
| Manager 1 | 365 | 456 | Manager 1 | 330 | 412 |
| Manager 2 | 320 | 400 | Manager 2 | 285 | 356 |
| Administrator 1 | 260 | 325 | Administrator 1 | 230 | 287 |
| Administrator 2 | 230 | 287 | Administrator 2 | 210 | 262 |
| Administrator 3 | 210 | 262 | Administrator 3 | 190 | 237 |
| Administrator 4 | 150 | 187 | Administrator 4 | 135 | 168 |
| Support | 0 | 0 | Support | 0 | 0 |

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

- a) Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

| | |
|--|---|
| Internal photocopying | 10p per copy |
| General stationery, postage, telephone etc | £100 per 100 creditors/ members or part thereof |
| Storage of office files (6 years) | £66.09 per box |
| Business mileage | 45p per mile |

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

STATEMENT OF CLAIM FORM

Date of administration order: 02 March 2016

Name of creditor:

Address of creditor:

Gross amount of claim:
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can be
substantiated
(eg invoices)

Particulars of how and when debt
incurred

Particulars of any security held, the
value of the security and the date it
was given.

Signature of creditor or person
authorised to act on his behalf:

Name in BLOCK CAPITALS:

Position with or relation to creditor
