

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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27/08/2020

#174

COMPANIES HOUSE

1 Company details

Company number 06587743

Company name in full Edwards Designer Menswear Limited

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

2 Administrator's name

Full forename(s) Daryl

Surname Warwick

3 Administrator's address

Building name/number Fairview House

Street Victoria Place

Post town Carlisle

County/Region Cumbria

Postcode CA1 1HP

Country

4 Administrator's name

Full forename(s) Mike

Surname Kienlen

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

5 Administrator's address

Building name/number Third Floor

Street 10 South Parade

Post town Leeds

County/Region

Postcode LS1 5QS

Country

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

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Notice of administrator's progress report

6 Period of progress report

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

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X <i>Daryl Warwick</i> X
Signature date	^d 1 ^d 9 ^m 0 ^m 8 ^y 2 ^y 0 ^y 2 ^y 0

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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 **Whitney Whitfield**

Company name **Armstrong Watson LLP**

Address **Fairview House**

Victoria Place

Post town **Carlisle**

County/Region **Cumbria**

Postcode **C A 1 1 H P**

Country

DX

Telephone **01228 690200**



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

Joint Administrators' Progress Report

Edwards Designer Menswear Limited - In Administration

Period Ended 30 July 2020

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

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- A** Receipts and Payments Account from 31 January 2020 to 30 July 2020
- B** Additional Information in Relation to the Joint Administrators Fees, Expenses & Disbursements
- C** Estimated Outcome Statement as at 30 July 2020

THE ADMINISTRATOR'S PROGRESS REPORT

1 Introduction

- 1.1 I, together with Mike Kienlen, was appointed Joint Administrator of Edwards Designer Menswear Limited ("the Company") on 31 January 2020. The appointment was made by Mr Adrian Joseph Robson, a director of 4 Horsley Terrace, Penrith, Cumbria, CA11 8AY.
- 1.2 This Administration is being handled by Armstrong Watson LLP at Fairview House, Victoria Place, Carlisle, Cumbria, CA1 1HP. The Administrators' contact details are via email at insolvency@armstrongwatson.co.uk or by telephone on 01228 690200.
- 1.3 The Administration is registered in the High Court Of Justice Business and Property Courts in Leeds Insolvency and Companies List, reference number 73 of 2020
- 1.4 Information about the way that we will use, and store personal data on insolvency appointments can be found on the Armstrong Watson website by using the following link www.armstrongwatson.co.uk/privacy-policy. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.5 The trading address of the Company was 35 King Street, Penrith, CA11 7AY.
- 1.6 The registered office of the Company is Fairview House, Victoria Place, Carlisle, Cumbria, CA1 1HP and its registered number 06587743.
- 1.7 As Joint Administrator, I am required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 31 January 2020 to 30 July 2020 ("the Period") and should be read in conjunction with my earlier proposals report.

2 Progress of the Administration

- 2.1 You may recall that the statutory objective being pursued in the Administration was the second objective, achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 2.2 In addition to the pursuance of this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- 2.3 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- 2.4 At Appendix A is my Receipts and Payments Account covering the period of this report.
- 2.5 Further information about the basis of remuneration agreed in this case and the Administrators' fees estimate can be found in section 4 of this report, together

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

with any relevant information about revisions to my initial estimate, where applicable.

Administration (including statutory compliance & reporting)

- 2.6 As noted above, the Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that I anticipated would need to be done in this area were outlined in my initial fees information.
- 2.7 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Administrators.
- 2.8 As noted in my initial fees information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Trading

- 2.9 As previously advised the Company made all of its employees redundant on 13 January 2020 prior to Administration and effectively ceased trading on this date.

Realisation of Assets – Freehold Property

- 2.10 As previously advised the Company owns a 2,095 square foot warehouse to the rear of 17/18 King Street Penrith. Walton Goodland have been appointed as agents and instructed to assist with the realisation of this property.
- 2.11 The property is currently on the open market for sale with an asking price of £84,500. However and as previously advised, our agents believed that the market value of the property was between £65,000 and £75,000.
- 2.12 During the Period there have been viewings for the property and an offer which was a fraction of the asking price, which was rejected on the advice of our agents. To date, there has been little further interest shown in the property as expected with the current global pandemic.
- 2.13 Our agents now believe that the property is worth towards the lower end of their initial valuations and we are currently in the process of liaising with them regarding their recommendations. We will update creditors accordingly during our next report.

Trading Stock

- 2.14 As previously advised the Company had the benefit of stock with a book value of £177,000 at the date of cessation. The directors attributed an estimated to realise value on this stock of £35,000. However the majority of this stock, approximately £129,000 at cost, was subject to retention of title. In addition nearly all of this stock, approximately £143,000 at cost, was held at Amazon fulfilment centres around Europe.
- 2.15 During the period we have reviewed and adjudicated on several retention of title claims. We have also liaised with the directors who have assisted with the recall of stock via the Amazon platform.

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

- 2.16 As previously advised the unencumbered stock of the Company with a book value of £48,000 was sold to the directors of the Company for an amount of £6,904 plus VAT upon the advice of our agents.
- 2.17 In addition funds from Stock sold through the Amazon platform amounting to £8,600 were received into the Company bank account post Administration and this amount has now been realised.

Fixtures and Fittings

- 2.18 As previously advised, the company owned fixtures and fittings with a book value of £4,000. An offer for the shop fixtures in the sum of £144 plus vat was received from the director and accepted on the advice of our agents.

Cash at Bank

- 2.19 Cash at bank in the sum of £796 has been realised during the period.

Directors' Loan Accounts

- 2.20 The directors' estimated Statement of Affairs disclosed overdrawn directors' loan accounts in the sum of £20,000.
- 2.21 I am currently in the process of liaising with the directors regarding the amounts owed by them to the Company, however, I am of the opinion that the amount due is significantly in excess of the initial amount disclosed.
- 2.22 In order not to prejudice these enquiries I will update creditors further in my next progress report.
- 2.23 It is considered that the work the Administrators and their staff have undertaken to date above in respect of asset realisations will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any third party security, result in a distribution to the preferential and unsecured creditors of the Company.

Creditors (claims and distributions)

- 2.24 Further information on the anticipated outcome for creditors in this case can be found at section 5 of this report. The Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims) but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.25 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.
- 2.26 The above work will not necessarily bring any financial benefit to creditors generally, however the Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrators in dealing with those claims.

2.27 I consider the following matters worth noting in my report to creditors at this stage:

- There are approximately 84 unsecured creditor claims in this case with a value of £1,120,910 per the director's statement of affairs of which 44 claims relate to consumer creditors;
- There is 1 secured creditor who is owed approximately £45,500; and
- There are 11 employees whose claims we have dealt with.

Investigations

2.28 Some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.

2.29 I can confirm that I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents.

2.30 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to my request to complete an investigation questionnaire.

2.31 My investigations are still ongoing at this stage. In order not to prejudice my investigations, I will update creditors further in my next report.

Connected party transactions

2.32 In accordance with Statement of Insolvency Practice 13, I would advise you that the following assets were sold to a director of the Company:

Date sold	Assets sold	Date paid & amount	Sold to	Relationship
11 Feb 20	Fixtures & Fittings	13 Feb 20 £144 plus vat	Mr Adrian Robson	Director
11 Feb 20	Stock	13 Feb 20 £6,904 plus vat	Mr Adrian Robson	Director

What remains to be done in the Administration

2.33 As advised, we are currently in the process of liaising with our agents with regards to their recommendations in respect of the sale of the Company's freehold premises.

2.34 Our investigations into the amounts owed by the directors in respect of their overdrawn Directors Loan accounts and the recoverability of these amounts are still ongoing.

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- 2.35 Once all amounts have been realised, we will then be in a position to conclude the Administration and, subject to asset realisations, distribute to creditors accordingly.

3 Pre administration Costs

- 3.1 On 8 April 2020 the following amounts in respect of pre-administration costs were approved and have since been paid:

Charged by	Brief description of services provided	Amount paid £
Armstrong Watson LLP	Advice to directors and dealing with appointment formalities	£1,662
Sanderson Weatherall	Advice and desktop valuation of trading stock	£500
Schofield Sweeney LLP	Dealing with appointment formalities	£660
	Court issue fee	£50

4 Joint Administrators' Remuneration

- 4.1 The basis of the Administrators' fees has been fixed in the Administration as follows:-

- As a set amount of £20,000 plus vat for the statutory compliance and reporting work, including the duty to investigate and report on the affairs of the Company and its directors under the Company Directors Disqualification Act and for dealing with on-going correspondence and claims of employees, trade and consumer creditor claims; plus
- As a percentage of 10% plus vat of gross realisations relating to the freehold property work; plus
- As a percentage of 20% plus vat of gross realisations for all other asset realisation work.

- 4.2 My fees information was originally provided to creditors when the basis of my remuneration was approved and was based on information available to me at that time.

- 4.3 The Administrators have drawn £8,000 against the total set fee approved by Creditors.

- 4.4 The Administrator has made the following realisations upon which the creditors have approved a percentage be taken as remuneration:-

Asset category	Value of assets realised in period £	Remuneration % agreed	Fee's payable £	Total Fees invoiced to date £
Stock	15,505	20%	3,101	Nil
Fixtures & Fittings	144	20%	29	Nil
Cash at bank	796	20%	160	Nil

- 4.5 At the date of this report, I would confirm that my fees estimate for the Administration remains unchanged.

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

- 4.6 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from the following website: www.r3.org.uk/technical-library/england-wales/technical-guidance/fees
- 4.7 Attached at Appendix B is additional information in relation to the Administrators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Estimated Outcome for Creditors

- 5.1 An Estimated Outcome Statement as at 30 July 2020 is attached at Appendix C.

Secured Creditors

- 5.2 Royal Bank of Scotland Plc holds a fixed and floating charge over the Company's assets. At the date of the Administration the indebtedness to the secured creditor was estimated at £45,500 to which interest will be added. To date nothing has been paid to the secured creditor on account.
- 5.3 The Company granted a floating charge to The Royal Bank of Scotland Plc on 13 February 2015. Accordingly, I am required to create a fund out of the Company's net floating charge property for unsecured creditors (known as the Prescribed Part).
- 5.4 Based on present information, it is anticipated that this charge holder will be paid in full under their fixed charge. Accordingly, the Company will have no net floating charge property from which the Administrators can create the Prescribed Part.

Preferential Creditors

- 5.5 Preferential claims at the date of Administration were estimated to be £880. I can confirm that preferential creditor claims have not yet been agreed and no distributions have been made to preferential creditors to date.

Unsecured Creditors

- 5.6 I have received claims totalling £746,345 from 23 unsecured creditors. I have yet to receive claims from 61 unsecured creditors whose debts total £427,031 as per the directors estimated statement of affairs.
- 5.7 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part however the level of this dividend cannot be predicted with any amount of certainty.
- 5.8 Please note that this estimate outcome is subject to fluctuation and the final position can only be determined once all asset realisations have been made.

6 Ending the Administration

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

- 6.2 At the time of drafting these Proposals I do not believe that an extension to the period of Administration will be necessary, however should I believe that this is necessary, I will liaise with Creditors accordingly.
- 6.3 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will 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 (CVL) to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.4 The Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7 Creditors' Rights

- 7.1 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) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 7.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive.

8 Next Report

- 8.1 The 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 or he wishes to extend it.

For and on behalf of
Edwards Designer Menswear Limited



Daryl Warwick
Joint Administrator

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

Appendix A

Receipts and Payments Account from 31 January 2020 to 30 July 2020

S of A £		£	£
	SECURED ASSETS		
85,000.00	Freehold Land & Property	<u>NIL</u>	NIL
	COSTS OF REALISATION		
	Agents/Valuers Fees	<u>750.00</u>	-750.00
	SECURED CREDITORS		
-45,500.00	Royal Bank of Scotland	<u>NIL</u>	NIL
	ASSET REALISATIONS		
200.00	Furniture & Equipment	144.20	
35,457.00	Stock	15,504.72	
3,268.00	Cash at Bank	795.87	
19,993.00	Directors' Loan Accounts	<u>NIL</u>	16,444.79
	COST OF REALISATIONS		
	Specific Bond	150.00	
	Assistance with Statement of Affairs	3,000.00	
	Pre Administration Fees	2,872.00	
	Administrators Remuneration	8,000.00	
	Statutory Advertising	<u>95.02</u>	-14,117.02
	PREFERENTIAL CREDITORS		
-880.30	Employees Holiday Pay	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
-567,663.68	Trade & Expense Creditors	NIL	
-8,467.52	Employees (8)	NIL	
-3,082.08	Consumer Creditors (44)	NIL	
-188,695.00	Banks/Funders	NIL	
-251,695.00	H M Revenue & Customs - PAYE	NIL	
-8,169.00	H M Revenue & Customs - Tax	NIL	
-31,988.00	H M Revenue & Customs - VAT	NIL	
-24,118.00	Other Loans	<u>NIL</u>	NIL
	DISTRIBUTIONS		
-10,100.00	Ordinary Shareholders	<u>NIL</u>	NIL
<u>-996,440.58</u>		<u>1,577.77</u>	
	REPRESENTED BY		
	VAT Receivable	2,963.40	
	Bank Account (Non Interest Bearing)	24.03	
	VAT Payable	<u>-1,409.66</u>	<u>1,577.77</u>

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

Appendix B

Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

Staff Allocation and the Use of Sub-Contractors

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

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

We are not proposing to utilise the services of any sub-contractors in this case.

Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Schofield Sweeney LLP (legal advice)	Hourly rate plus disbursements
Aon UK Ltd (insurance)	Cost = £
Walton Goodland Ltd (valuation and disposal advice)	Fixed fee plus disbursements
Compton House Services Ltd (assisting directors with SoA)	Fixed fee

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Joint Administrators' Expenses & Disbursements

The estimate of expenses (including disbursements) which were anticipated at the outset of the Administration was provided to creditors in the Administrators' Proposals Report a copy of which is set out below:

Expense	Provider	Basis of fee arrangement	Anticipated Cost £
Agent's costs in dealing with freehold property	Walton Goodland Ltd	Fixed fee plus disbursements	£3,000
Agent's costs in dealing with chattel assets	Sanderson Weatherall	Realisations based	£1,000
Solicitor's costs in dealing with sale of property & general advice	Schofield Sweeney LLP	Time costs	£4,000
Freehold property holding costs	Axa Insurance, Eden District Council, Utility Companies	Cost = £	£5,000
Statutory advertising	The Stationery Office Ltd	Cost = £	£200
Administrator's bond	Aon UK Ltd	Cost = £	£150
Asset insurance	Aon UK Ltd	Cost = £	£500
Assisting directors with the preparation of Statement of Affairs	Compton House Services	Time costs	£2,000

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

Current position of Joint Administrators' expenses

An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in the period covered by this report £	Known amount incurred but not yet paid £	Estimated still to be incurred £	Total anticipated cost £
Agent's costs and disbursements in dealing with freehold property sale	750	Nil	2,250	3,000
Solicitor's costs in dealing with sale of property and general legal advice	Nil	Nil	4,000	4,000
Freehold property holding costs	Nil	Nil	5,000	5,000
Agent's costs in dealing with chattel assets	Nil	Nil	500	500
Statutory advertising	95	Nil	100	195
Administrator's bond	150	Nil	Nil	150
Asset insurance	Nil	Nil	500	500
Assistance with directors SoA	3,000	Nil	Nil	3,000

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

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Administrators' Proposals Report and approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

EDWARDS DESIGNER MENSWEAR LIMITED - IN ADMINISTRATION

Appendix C

Estimated Outcome Statement as at 30 July 2020

Statement of Affairs £		Realised /Paid	Projected	Total £
	SECURED ASSETS			
85,000	Freehold Land & Property	Nil	65,000	65,000
		Nil	65,000	65,000
	COSTS OF REALISATION			
	Legal Fees	Nil	-2,000	-2,000
	Administrators Remuneration	Nil	-6,500	-6,500
	Agents/Valuers Fees	-750	-2,250	-3,000
	Property Holding Costs	Nil	-5,000	-5,000
		-750	-15,750	-16,500
	SECURED CREDITORS			
-45,500	Royal Bank of Scotland	Nil	45,500	45,500
		Nil	-45,500	-45,500
	SURPLUS TO SECURED CREDITORS	-750	3,750	3,000
	FLOATING ASSET REALISATIONS			
200	Furniture & Equipment	144	Nil	144
35,457	Stock	15,505	Nil	15,505
3,268	Cash at Bank	796	Nil	796
19,993	Directors' Loan Accounts	Nil	Uncertain	Uncertain
		16,445	Uncertain	Uncertain
	COST OF REALISATIONS			
	Pre Administration Fees	2,872	Nil	2,872
	Administrators Remuneration	8,000	Uncertain	Uncertain
	Legal Fees	Nil	2,000	2,000
	Agents Fees	Nil	500	500
	Assistance with Statement of Affairs	3,000	Nil	3,000
	Asset Insurance	Nil	300	300
	Specific Bond	150	Nil	150
	Statutory Advertising	95	100	195
		-14,117	Uncertain	Uncertain
	PREFERENTIAL CREDITORS			
-880	Employees Holiday Pay	Nil	880	880
		Nil	-880	-880
	UNSECURED CREDITORS			
-567,664	Trade & Expense Creditors	Nil	Uncertain	Uncertain
-8,468	Employees (8)	Nil	Uncertain	Uncertain
-3,082	Consumer Creditors (44)	Nil	Uncertain	Uncertain
-188,695	Banks/Funders	Nil	Uncertain	Uncertain
-251,695	H M Revenue & Customs - PAYE	Nil	Uncertain	Uncertain
-8,169	H M Revenue & Customs - Tax	Nil	Uncertain	Uncertain
-31,988	H M Revenue & Customs - VAT	Nil	Uncertain	Uncertain
-24,118	Other Loans	Nil	Uncertain	Uncertain
		Nil	Uncertain	Uncertain
	SHAREHOLDERS			
-10,100	Ordinary Shareholders	Nil	Nil	Nil
		Nil	Nil	Nil
-996,441		1,578	-1,578	Nil
	REPRESENTED BY			
	VAT Receivable	2,963	-2,963	Nil
	Bank Account (Non Interest Bearing)	24	-24	Nil
	VAT Payable	-1,410	1,410	Nil
		1,578	-1,578	Nil
	ESTIMATED DISTRIBUTION			
	Secured Creditors			100p in £
	Preferential Creditors			100p in £
	Unsecured Creditors			Uncertain

Joint Administrators' Progress Report

Edwards Designer Menswear Limited - In Administration

Period Ended 30 July 2020

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- 1.3 The Administration is registered in the High Court Of Justice Business and Property Courts in Leeds Insolvency and Companies List, reference number 73 of 2020
- 1.4 Information about the way that we will use, and store personal data on insolvency appointments can be found on the Armstrong Watson website by using the following link www.armstrongwatson.co.uk/privacy-policy. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.5 The trading address of the Company was 35 King Street, Penrith, CA11 7AY.
- 1.6 The registered office of the Company is Fairview House, Victoria Place, Carlisle, Cumbria, CA1 1HP and its registered number 06587743.
- 1.7 As Joint Administrator, I am required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 31 January 2020 to 30 July 2020 ("the Period") and should be read in conjunction with my earlier proposals report.

2 Progress of the Administration

- 2.1 You may recall that the statutory objective being pursued in the Administration was the second objective, achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 2.2 In addition to the pursuance of this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- 2.3 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- 2.4 At Appendix A is my Receipts and Payments Account covering the period of this report.
- 2.5 Further information about the basis of remuneration agreed in this case and the Administrators' fees estimate can be found in section 4 of this report, together

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with any relevant information about revisions to my initial estimate, where applicable.

Administration (including statutory compliance & reporting)

- 2.6 As noted above, the Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that I anticipated would need to be done in this area were outlined in my initial fees information.
- 2.7 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Administrators.
- 2.8 As noted in my initial fees information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Trading

- 2.9 As previously advised the Company made all of its employees redundant on 13 January 2020 prior to Administration and effectively ceased trading on this date.

Realisation of Assets – Freehold Property

- 2.10 As previously advised the Company owns a 2,095 square foot warehouse to the rear of 17/18 King Street Penrith. Walton Goodland have been appointed as agents and instructed to assist with the realisation of this property.
- 2.11 The property is currently on the open market for sale with an asking price of £84,500. However and as previously advised, our agents believed that the market value of the property was between £65,000 and £75,000.
- 2.12 During the Period there have been viewings for the property and an offer which was a fraction of the asking price, which was rejected on the advice of our agents. To date, there has been little further interest shown in the property as expected with the current global pandemic.
- 2.13 Our agents now believe that the property is worth towards the lower end of their initial valuations and we are currently in the process of liaising with them regarding their recommendations. We will update creditors accordingly during our next report.

Trading Stock

- 2.14 As previously advised the Company had the benefit of stock with a book value of £177,000 at the date of cessation. The directors attributed an estimated to realise value on this stock of £35,000. However the majority of this stock, approximately £129,000 at cost, was subject to retention of title. In addition nearly all of this stock, approximately £143,000 at cost, was held at Amazon fulfilment centres around Europe.
- 2.15 During the period we have reviewed and adjudicated on several retention of title claims. We have also liaised with the directors who have assisted with the recall of stock via the Amazon platform.

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2.16 As previously advised the unencumbered stock of the Company with a book value of £48,000 was sold to the directors of the Company for an amount of £6,904 plus VAT upon the advice of our agents.

2.17 In addition funds from Stock sold through the Amazon platform amounting to £8,600 were received into the Company bank account post Administration and this amount has now been realised.

Fixtures and Fittings

2.18 As previously advised, the company owned fixtures and fittings with a book value of £4,000. An offer for the shop fixtures in the sum of £144 plus vat was received from the director and accepted on the advice of our agents.

Cash at Bank

2.19 Cash at bank in the sum of £796 has been realised during the period.

Directors' Loan Accounts

2.20 The directors' estimated Statement of Affairs disclosed overdrawn directors' loan accounts in the sum of £20,000.

2.21 I am currently in the process of liaising with the directors regarding the amounts owed by them to the Company, however, I am of the opinion that the amount due is significantly in excess of the initial amount disclosed.

2.22 In order not to prejudice these enquiries I will update creditors further in my next progress report.

2.23 It is considered that the work the Administrators and their staff have undertaken to date above in respect of asset realisations will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any third party security, result in a distribution to the preferential and unsecured creditors of the Company.

Creditors (claims and distributions)

2.24 Further information on the anticipated outcome for creditors in this case can be found at section 5 of this report. The Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims) but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

2.25 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

2.26 The above work will not necessarily bring any financial benefit to creditors generally, however the Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each

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relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrators in dealing with those claims.

- 2.27 I consider the following matters worth noting in my report to creditors at this stage:
- There are approximately 84 unsecured creditor claims in this case with a value of £1,120,910 per the director's statement of affairs of which 44 claims relate to consumer creditors;
 - There is 1 secured creditor who is owed approximately £45,500; and
 - There are 11 employees whose claims we have dealt with.

Investigations

- 2.28 Some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.
- 2.29 I can confirm that I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents.
- 2.30 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to my request to complete an investigation questionnaire.
- 2.31 My investigations are still ongoing at this stage. In order not to prejudice my investigations, I will update creditors further in my next report.

Connected party transactions

- 2.32 In accordance with Statement of Insolvency Practice 13, I would advise you that the following assets were sold to a director of the Company:

Date sold	Assets sold	Date paid & amount	Sold to	Relationship
11 Feb 20	Fixtures & Fittings	13 Feb 20 £144 plus vat	Mr Adrian Robson	Director
11 Feb 20	Stock	13 Feb 20 £6,904 plus vat	Mr Adrian Robson	Director

What remains to be done in the Administration

- 2.33 As advised, we are currently in the process of liaising with our agents with regards to their recommendations in respect of the sale of the Company's freehold premises.
- 2.34 Our investigations into the amounts owed by the directors in respect of their overdrawn Directors Loan accounts and the recoverability of these amounts are still ongoing.

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- 2.35 Once all amounts have been realised, we will then be in a position to conclude the Administration and, subject to asset realisations, distribute to creditors accordingly.

3 Pre administration Costs

- 3.1 On 8 April 2020 the following amounts in respect of pre-administration costs were approved and have since been paid:

Charged by	Brief description of services provided	Amount paid £
Armstrong Watson LLP	Advice to directors and dealing with appointment formalities	£1,662
Sanderson Weatherall	Advice and desktop valuation of trading stock	£500
Schofield Sweeney LLP	Dealing with appointment formalities	£660
	Court issue fee	£50

4 Joint Administrators' Remuneration

- 4.1 The basis of the Administrators' fees has been fixed in the Administration as follows:-

- As a set amount of £20,000 plus vat for the statutory compliance and reporting work, including the duty to investigate and report on the affairs of the Company and its directors under the Company Directors Disqualification Act and for dealing with on-going correspondence and claims of employees, trade and consumer creditor claims; plus
- As a percentage of 10% plus vat of gross realisations relating to the freehold property work; plus
- As a percentage of 20% plus vat of gross realisations for all other asset realisation work.

- 4.2 My fees information was originally provided to creditors when the basis of my remuneration was approved and was based on information available to me at that time.

- 4.3 The Administrators have drawn £8,000 against the total set fee approved by Creditors.

- 4.4 The Administrator has made the following realisations upon which the creditors have approved a percentage be taken as remuneration:-

Asset category	Value of assets realised in period £	Remuneration % agreed	Fee's payable £	Total Fees invoiced to date £
Stock	15,505	20%	3,101	Nil
Fixtures & Fittings	144	20%	29	Nil
Cash at bank	796	20%	160	Nil

- 4.5 At the date of this report, I would confirm that my fees estimate for the Administration remains unchanged.

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- 4.6 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from the following website: www.r3.org.uk/technical-library/england-wales/technical-guidance/fees
- 4.7 Attached at Appendix B is additional information in relation to the Administrators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Estimated Outcome for Creditors

- 5.1 An Estimated Outcome Statement as at 30 July 2020 is attached at Appendix C.

Secured Creditors

- 5.2 Royal Bank of Scotland Plc holds a fixed and floating charge over the Company's assets. At the date of the Administration the indebtedness to the secured creditor was estimated at £45,500 to which interest will be added. To date nothing has been paid to the secured creditor on account.
- 5.3 The Company granted a floating charge to The Royal Bank of Scotland Plc on 13 February 2015. Accordingly, I am required to create a fund out of the Company's net floating charge property for unsecured creditors (known as the Prescribed Part).
- 5.4 Based on present information, it is anticipated that this charge holder will be paid in full under their fixed charge. Accordingly, the Company will have no net floating charge property from which the Administrators can create the Prescribed Part.

Preferential Creditors

- 5.5 Preferential claims at the date of Administration were estimated to be £880. I can confirm that preferential creditor claims have not yet been agreed and no distributions have been made to preferential creditors to date.

Unsecured Creditors

- 5.6 I have received claims totalling £746,345 from 23 unsecured creditors. I have yet to receive claims from 61 unsecured creditors whose debts total £427,031 as per the directors estimated statement of affairs.
- 5.7 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part however the level of this dividend cannot be predicted with any amount of certainty.
- 5.8 Please note that this estimate outcome is subject to fluctuation and the final position can only be determined once all asset realisations have been made.

6 Ending the Administration

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.

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- 6.2 At the time of drafting these Proposals I do not believe that an extension to the period of Administration will be necessary, however should I believe that this is necessary, I will liaise with Creditors accordingly.
- 6.3 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will 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 (CVL) to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.4 The Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7 Creditors' Rights

- 7.1 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) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 7.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive.

8 Next Report

- 8.1 The 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 or he wishes to extend it.

For and on behalf of
Edwards Designer Menswear Limited



Daryl Warwick
Joint Administrator

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Appendix A

Receipts and Payments Account from 31 January 2020 to 30 July 2020

S of A £		£	£
	SECURED ASSETS		
85,000.00	Freehold Land & Property	<u>NIL</u>	NIL
	COSTS OF REALISATION		
	Agents/Valuers Fees	<u>750.00</u>	-750.00
	SECURED CREDITORS		
-45,500.00	Royal Bank of Scotland	<u>NIL</u>	NIL
	ASSET REALISATIONS		
200.00	Furniture & Equipment	144.20	
35,457.00	Stock	15,504.72	
3,268.00	Cash at Bank	795.87	
19,993.00	Directors' Loan Accounts	<u>NIL</u>	16,444.79
	COST OF REALISATIONS		
	Specific Bond	150.00	
	Assistance with Statement of Affairs	3,000.00	
	Pre Administration Fees	2,872.00	
	Administrators Remuneration	8,000.00	
	Statutory Advertising	<u>95.02</u>	-14,117.02
	PREFERENTIAL CREDITORS		
-880.30	Employees Holiday Pay	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
-567,663.68	Trade & Expense Creditors	NIL	
-8,467.52	Employees (8)	NIL	
-3,082.08	Consumer Creditors (44)	NIL	
-188,695.00	Banks/Funders	NIL	
-251,695.00	H M Revenue & Customs - PAYE	NIL	
-8,169.00	H M Revenue & Customs - Tax	NIL	
-31,988.00	H M Revenue & Customs - VAT	NIL	
-24,118.00	Other Loans	<u>NIL</u>	NIL
	DISTRIBUTIONS		
-10,100.00	Ordinary Shareholders	<u>NIL</u>	NIL
<u>-996,440.58</u>		<u>1,577.77</u>	
	REPRESENTED BY		
	VAT Receivable	2,963.40	
	Bank Account (Non Interest Bearing)	24.03	
	VAT Payable	<u>-1,409.66</u>	<u>1,577.77</u>

Joint Administrators' Progress Report

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Appendix B

Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

Staff Allocation and the Use of Sub-Contractors

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

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

We are not proposing to utilise the services of any sub-contractors in this case.

Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Schofield Sweeney LLP (legal advice)	Hourly rate plus disbursements
Aon UK Ltd (insurance)	Cost = £
Walton Goodland Ltd (valuation and disposal advice)	Fixed fee plus disbursements
Compton House Services Ltd (assisting directors with SoA)	Fixed fee

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Joint Administrators' Expenses & Disbursements

The estimate of expenses (including disbursements) which were anticipated at the outset of the Administration was provided to creditors in the Administrators' Proposals Report a copy of which is set out below:

Expense	Provider	Basis of fee arrangement	Anticipated Cost £
Agent's costs in dealing with freehold property	Walton Goodland Ltd	Fixed fee plus disbursements	£3,000
Agent's costs in dealing with chattel assets	Sanderson Weatherall	Realisations based	£1,000
Solicitor's costs in dealing with sale of property & general advice	Schofield Sweeney LLP	Time costs	£4,000
Freehold property holding costs	Axa Insurance, Eden District Council, Utility Companies	Cost = £	£5,000
Statutory advertising	The Stationery Office Ltd	Cost = £	£200
Administrator's bond	Aon UK Ltd	Cost = £	£150
Asset insurance	Aon UK Ltd	Cost = £	£500
Assisting directors with the preparation of Statement of Affairs	Compton House Services	Time costs	£2,000

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Current position of Joint Administrators' expenses

An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in the period covered by this report £	Known amount incurred but not yet paid £	Estimated still to be incurred £	Total anticipated cost £
Agent's costs and disbursements in dealing with freehold property sale	750	Nil	2,250	3,000
Solicitor's costs in dealing with sale of property and general legal advice	Nil	Nil	4,000	4,000
Freehold property holding costs	Nil	Nil	5,000	5,000
Agent's costs in dealing with chattel assets	Nil	Nil	500	500
Statutory advertising	95	Nil	100	195
Administrator's bond	150	Nil	Nil	150
Asset insurance	Nil	Nil	500	500
Assistance with directors SoA	3,000	Nil	Nil	3,000

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

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Administrators' Proposals Report and approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

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Appendix C

Estimated Outcome Statement as at 30 July 2020

Statement of Affairs £		Realised /Paid	Projected	Total £
	SECURED ASSETS			
85,000	Freehold Land & Property	Nil	65,000	65,000
		Nil	65,000	65,000
	COSTS OF REALISATION			
	Legal Fees	Nil	-2,000	-2,000
	Administrators Remuneration	Nil	-6,500	-6,500
	Agents/Valuers Fees	-750	-2,250	-3,000
	Property Holding Costs	Nil	-5,000	-5,000
		-750	-15,750	-16,500
	SECURED CREDITORS			
-45,500	Royal Bank of Scotland	Nil	45,500	45,500
		Nil	-45,500	-45,500
	SURPLUS TO SECURED CREDITORS	-750	3,750	3,000
	FLOATING ASSET REALISATIONS			
200	Furniture & Equipment	144	Nil	144
35,457	Stock	15,505	Nil	15,505
3,268	Cash at Bank	796	Nil	796
19,993	Directors' Loan Accounts	Nil	Uncertain	Uncertain
		16,445	Uncertain	Undertain
	COST OF REALISATIONS			
	Pre Administration Fees	2,872	Nil	2,872
	Administrators Remuneration	8,000	Uncertain	Uncertain
	Legal Fees	Nil	2,000	2,000
	Agents Fees	Nil	500	500
	Assistance with Statement of Affairs	3,000	Nil	3,000
	Asset Insurance	Nil	300	300
	Specific Bond	150	Nil	150
	Statutory Advertising	95	100	195
		-14,117	Uncertain	Uncertain
	PREFERENTIAL CREDITORS			
-880	Employees Holiday Pay	Nil	880	880
		Nil	-880	-880
	UNSECURED CREDITORS			
-567,664	Trade & Expense Creditors	Nil	Uncertain	Uncertain
-8,468	Employees (8)	Nil	Uncertain	Uncertain
-3,082	Consumer Creditors (44)	Nil	Uncertain	Uncertain
-188,695	Banks/Funders	Nil	Uncertain	Uncertain
-251,695	H M Revenue & Customs - PAYE	Nil	Uncertain	Uncertain
-8,169	H M Revenue & Customs - Tax	Nil	Uncertain	Uncertain
-31,988	H M Revenue & Customs - VAT	Nil	Uncertain	Uncertain
-24,118	Other Loans	Nil	Uncertain	Uncertain
		Nil	Uncertain	Uncertain
	SHAREHOLDERS			
-10,100	Ordinary Shareholders	Nil	Nil	Nil
		Nil	Nil	Nil
-996,441		1,578	-1,578	Nil
	REPRESENTED BY			
	VAT Receivable	2,963	-2,963	Nil
	Bank Account (Non Interest Bearing)	24	-24	Nil
	VAT Payable	-1,410	1,410	Nil
		1,578	-1,578	Nil
	ESTIMATED DISTRIBUTION			
	Secured Creditors			100p in £
	Preferential Creditors			100p in £
	Unsecured Creditors			Uncertain