



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 6 8 4 9 8 8 8

Company name in full Bertram Trading Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Martin C

Surname Armstrong

### 3 Administrator's address

Building name/number Allen House

Street 1 Westmead Road

Post town Sutton

County/Region Surrey

Postcode S M 1 - 4 L A

Country United Kingdom

### 4 Administrator's name ①

Full forename(s) Andrew R

Surname Bailey

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Allen House

Street 1 Westmead Road

Post town Sutton

County/Region Surrey

Postcode S M 1 - 4 L A

Country United Kingdom

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d 1	d 9	m 1	m 2	y 2	y 0	y 2	y 0
To date	d 1	d 8	m 0	m 6	y 2	y 0	y 2	y 1

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

*[Handwritten signature]*

X

Signature date

d 1	d 6	m 0	m 7	y 2	y 0	y 2	y 1
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**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

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

**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**

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**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Private and Confidential**

**TO ALL KNOWN MEMBERS AND CREDITORS**

Our ref

MCA/ARB/XB0309

Date

16<sup>th</sup> July 2021

Dear Sirs

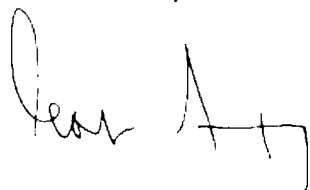
**Bertram Trading Limited t/as "Bertram Books" and "Bertram Library Services" ("the Company") – In Administration  
In the High Court of Justice CR-2020-002736**

This is my report on the progress of the Administration of the Company for the six-month period from 19<sup>th</sup> December 2020 to 18<sup>th</sup> June 2021. This report should be read in conjunction with the Joint Administrators' Proposals and a copy of my previous progress report.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available online, they should contact this office by email at [bertram@turpinba.co.uk](mailto:bertram@turpinba.co.uk), or by phone on 0208 661 4019.

Finally, please note that the affairs, business and property of the Company are being managed by the Joint Administrators, Martin Armstrong and Andrew Bailey. The Joint Administrators act as agents of the Company and contract without personal liability.

Yours faithfully



**Martin C Armstrong FCCA FABRP FIPA MBA FNARA  
Joint Administrator**

Encs.

**Partners**

M.C. Armstrong FCCA FABRP FIPA MBA FNARA, D.C. Clark FCCA, J.E. Patchett FCCA FABRP, D.A. Payne BA (Hons) FCA,  
B.I. Suckling BSc (Hons) FCCA, M.C. Card FPFS Certs CII (MP & ER), A.R. Bailey FABRP MIPA,  
S-J. Crean FCCA, R.A. Russell, K.M. Drake LLB (Hons)  
Consultant - A.W. Payne FFA/FIPA FFTA DipPFS CeMAP

Registered as auditors in the United Kingdom by the Association of Chartered Certified Accountants.

M. C. Armstrong, J. E. Patchett and A. R. Bailey are licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

M.C. Card is an independent financial advisor and member of the Equity Release Council.

tba Wealth Management is authorised and regulated by the Financial Conduct Authority.

turpin barker armstrong's privacy policy can be found on our website at <https://www.turpinbarkerarmstrong.co.uk/privacy.html>



**BERTRAM TRADING LIMITED t/AS “BERTRAM BOOKS” AND “BERTRAM LIBRARY SERVICES” (“THE COMPANY”) – IN ADMINISTRATION**

**JOINT ADMINISTRATORS’ PROGRESS REPORT FOR THE SIX-MONTH PERIOD**

**FROM 19<sup>TH</sup> DECEMBER 2020 TO 18<sup>TH</sup> JUNE 2021**

For the purposes of this report, the following abbreviations shall be used:

“AFC”	Aurelius Finance Company Limited
“Barclays”	Barclays Bank plc
“BGL”	Bertram Group Limited
“BTL”	Bertram Trading Limited (in Administration)
“BNP”	BNP Paribas Commercial Finance Limited
“BNP Facility”	The agreement for the Discounting of Debts entered into with BNP
“Cerberus”	Cerberus Receivables Management Limited
“CJRS”	Coronavirus Job Retention Scheme
“CRS”	Charles Russell Speechlys LLP
“DBL”	Dawson Books Limited (in Administration)
“EAAA”	East Anglian Air Ambulance Limited
“Erasmus”	Erasmus Antiquariaaten Boekhandel BV
“EUL”	Education Umbrella Limited (in Administration)
“Evolve”	Evolve IS Limited
“HMRC”	HM Revenue and Customs
“Houtschild”	Houtschild Internationale Boekhandel BV
“Katten”	Katten Muchin Rosenman UK LLP
“MBV”	Middleton Barton Asset Valuation Limited
“Natwest”	Natwest Bank Plc
“RPS”	Redundancy Payments Service
“ROT”	Retention of Title
“SIP14”	Statement of Insolvency Practice 14
“SOA”	The Directors’ Estimated Statement of Affairs as at 19 <sup>th</sup> June 2020
“the Act”	The Insolvency Act 1986
“the Company”	Bertram Trading Limited (in Administration)
“the Group”	The Bertram Group of Companies (as per Group structure appended to Proposals)
“the Joint Administrators”	Martin C Armstrong and Andrew R Bailey of Turpin Barker Armstrong
“the Proposals”	The Joint Administrators’ Proposals delivered to creditors on 12 <sup>th</sup> August 2020
“TLG”	The Little Group Limited
“Wordery”	Wordery.com Limited

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## **1. EXECUTIVE SUMMARY**

### *Objective of the Administration*

- As Joint Administrators of the Company, Andrew Bailey and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation.
- As stated in the Proposals, the purpose of the Administration is to achieve objective (b) for the Company i.e., achieving a better result for creditors as a whole than would have been likely if the Company had been wound up (without first being in Administration). This has been achieved by the sale of the Company's assets shortly after appointment and by the assignment of the lease for the Warehouse Premises to TLG.

### *Progress of the Administration*

- Following appointment, the Company's tangible assets, consisting of plant and equipment and stock, and intangible assets (consisting of software and intellectual property) were sold to TLG on 6<sup>th</sup> July 2020 for £910,000.
- On the same date, the lease for the Warehouse Premises was assigned to TLG.
- The Joint Administrators have sought to realise and deal with the Company's remaining assets, including cash at bank, cash held in blocked accounts and book debts.
- The actions taken by the Joint Administrators since appointment are detailed later in this report and creditors will note that this has been a complex case with significant work required to be undertaken.

### *Estimated outcome for creditors*

- It is anticipated that distributions will be made under both the fixed and floating charges held by AFC (as legal advice has confirmed the validity of their charges and the treatment of asset realisations).
- Preferential claims totalling £193,901.08 have been paid in full.
- The estimated distribution to unsecured creditors pursuant to the prescribed part is now circa £150,000. This is the estimate after a reconciliation/reallocation of funds received in respect of cash at bank from Barclays and Natwest since the sums received from both bankers included credits received post-Administration and funds received prior to Administration in respect of "blocked account" debts which were erroneously been paid into the accounts by customers. This is based on legal advice which has confirmed that debtor monies historically subject to the BNP Facility are subject to AFC's fixed charge.

## **2. STATUTORY INFORMATION**

Statutory information relating to the Company is attached at Appendix 1.

## **3. JOINT ADMINISTRATORS' ACTIONS SINCE LAST PROGRESS REPORT**

### **Sale of assets to TLG and related continuation of services**

As previously reported, under the terms of the sale, the Joint Administrators were required to facilitate the domain names owned by BTL and DBL being maintained for a period of six months from completion (subject to any costs for doing so being met by TLG).

TLG subsequently requested that certain domain names be renewed for a period of two years. The domains in question are controlled by either Virgin Media or CSC Global.

During the reporting period, the Joint Administrators have continued to liaise with TLG, CSC Global and Virgin Media regarding the renewal of the domains.

In addition, the Joint Administrators were obliged to maintain the internet supply from Virgin Media for the period up to 31<sup>st</sup> July 2020 (at the Company's cost). TLG initially advised that they required some of Virgin Media's services to continue up to 31<sup>st</sup> October 2020. However, they subsequently advised that they had obtained new internet services and therefore the Virgin Media internet supply was cancelled with effect from 15<sup>th</sup> September 2020. TLG previously agreed to a mark-up of 25% on sums paid to Virgin Media (net of VAT) for the period of use to be payable to the Company to reimburse the Joint Administrators' costs for facilitating this (since it is of no benefit to creditors). This has not yet been invoiced as Virgin Media's costs are unknown.

Despite requests, the Joint Administrators are yet to receive a final invoice from Virgin Media for renewing the domains managed by them (or for the internet supply). CSC Global are understood to have billed TLG directly.

#### **Leasehold premises**

As reported previously, the Company occupied and traded from a 185,000 sq. ft. premises at 1 Broadland Business Park, Norwich, Norfolk, NR7 0WF at an annual rent of circa £1.2m. There were two separate leases for the property held by the Company, as follows:

<b>Property</b>	<b>Term</b>
Warehouse premises at Broadland Business Park ("the Warehouse Premises")	25 years starting on 24 <sup>th</sup> June 2000 (BTL was registered as the leaseholder on 24 <sup>th</sup> April 2009)
Office premises at Broadland Business Park ("the Office Premises")	25 years starting on 24 <sup>th</sup> June 2000 (BTL was registered as the leaseholder on 24 <sup>th</sup> April 2009)

As reported previously, as part of the terms of the sale of assets, TLG took an assignment of the lease for the Warehouse Premises on 6<sup>th</sup> July 2020.

In addition, the Company occupied the Office Premises from the period from appointment up to the date of the sale to TLG. Part of this premises is sub-let to EAAA at an annual rent of £70,748. However, the lease for the Office Premises remained with the Company until such time as it was surrendered and/or disclaimed (which would have been possible if the Company were to exit Administration via Compulsory Liquidation). During the reporting period, our solicitors remained in correspondence with the landlord's legal representatives with regard to agreeing a surrender. The proposed surrender was subject to the following:

- The landlord agreeing not to seek any further rent as an expense for the Office Premises as the Company was not in occupation and was deriving no benefit from the premises and was only facilitating the receipt and onward transmission of rent from the sub-tenant.
- That the Joint Administrators deduct all associated costs for the Office Premises from rent received from EAAA (e.g. utilities (if any), lock changes, maintenance etc.).

EAAA provided formal notice to terminate the sub-lease with effect from 24<sup>th</sup> March 2021 in accordance with the break clause contained within the lease. The landlord also agreed to a formal surrender of the

Office Premises lease which duly completed on 30<sup>th</sup> March 2021. The work undertaken in relation to the Office Premises in the reporting period consists of the following:

- Liaising with the landlord.
- Liaising with solicitors regarding the terms of the sub-lease.
- Dealing with access and ongoing issues for EAAA.
- Collecting rent and service charges from EAAA.
- Forwarding rent collected from EAAA to landlord (after calculating and deducting any associated costs).
- Obtaining legal advice on the Joint Administrators' obligations under the terms of the sub-lease.
- Reviewing the terms of and entering into a Deed of Surrender.
- Reviewing an associated Deed of Release for AFC and liaising with them in respect of the same.

### **Natwest and Barclays**

As reported previously, in order to facilitate the receipt of funds owing to the Company, Natwest and Barclays were instructed to ensure that the Company's bank accounts remained open to receive credits only. Credit funds have been periodically transferred by the Banks into the Administration estate account as and when requested.

The sums received from Natwest and Barclays included some credits received post-Administration and funds received prior to Administration in respect of "blocked account" debts which were erroneously paid into the accounts by customers. A full reconciliation of the sums received both prior to and post-administration has been undertaken and further details of this are set out later in this report.

The work undertaken in this regard relates to ongoing correspondence with both Barclays and Natwest regarding the operation of the accounts and the transfer of funds and a full analysis of sums received both prior to and after the date of Administration. The Joint Administrators have also liaised with Barclays regarding the closure of the accounts held with them.

### **BNP**

As detailed in my previous report, the majority of the book debts were previously subject to a fixed charge held by BNP and were therefore paid into "blocked" bank accounts operated and controlled by BNP. Despite BNP's liability having been discharged, legal advice has confirmed that the remaining charge holder, AFC, holds a fixed charge over the blocked accounts and book debts which were previously funded by BNP. BNP have continued to receive funds into the "blocked" accounts and these funds have been periodically transferred to a designated bank account opened by the Joint Administrators to hold these funds. BNP initially agreed to keep all "blocked" accounts open until 24<sup>th</sup> October 2020 to facilitate debtor receipts since it was considered that it would be disruptive to issue revised bank account details to customers and therefore detrimental to collections. This agreement was ultimately extended for a total of six months, and the BNP accounts were subsequently closed.

The following work has been undertaken in respect of dealing with BNP in the reporting period:

- Obtaining and reviewing copy statements from BNP.
- Monitoring the blocked accounts.
- Monitoring receipts of sums from the blocked accounts.
- Liaising with BNP regarding the extension of the provision of the accounts.
- Issuing correspondence to BNP requesting funds held in the blocked accounts.
- Liaising with BNP regarding the closure of the accounts.

## **AFC**

AFC has a fixed and floating charge over the Company dated 9<sup>th</sup> August 2019. Creditors should note that AFC also hold a fixed and floating charge over DBL and EUL. As creditors are aware, a Creditors' Committee was appointed in the Administration of the Company and, following discussions with the committee, Katten were instructed to seek Counsel's advice on the validity of AFC's security and the treatment of book debts and sums held in, or received into, the "blocked" accounts (further details regarding the "blocked" accounts can be found later in this report). Counsel's advice was that AFC's security is valid and they have a valid fixed charge over the "blocked" accounts and book debts received both prior to and post-administration which were historically subject to BNP's security (regardless which account they were paid into).

The following work has been undertaken in respect of AFC's liability/security to date:

- Providing regular updates and estimated outcome statements to AFC.
- Liaising with solicitors regarding advice on AFC's security (including its validity).
- Requesting information/documentation from AFC in support of their claim.

## **Debt Collection**

In the reporting period, Cerberus have continued to pursue the recovery of sums owed to the Company by its customers and it has been necessary to undertake the following work to assist with their efforts:

- Corresponding with debtors that contact the Joint Administrators directly.
- Liaising with Cerberus regarding debtor disputes and the process for dealing with the same.
- Liaising with Cerberus regarding settlement and repayment proposals from debtors.
- Reviewing collection reports from Cerberus.

In addition, the Joint Administrators have continued their efforts to collect the balance of the debt due from Amazon (which is also subject to AFC's fixed charge). The following work has been undertaken in this regard:

- Liaising directly with Amazon to pursue collection of the outstanding sum of circa £377,342.
- Reviewing and seeking to reconcile the position with Amazon.

## **ROT**

As reported previously, there were issues encountered with TLG not adhering to the terms of the sale agreement with regard to the identification and segregation of ROT stock.

In the reporting period, the Joint Administrators have been seeking advice from Katten on whether TLG's actions and failure to adhere to the terms of the sale agreement are covered under the indemnity included in the sale agreement. This advice remains ongoing. Should the advice confirm that the circumstances are indeed covered under the indemnity, then the Joint Administrators will be preparing a detailed analysis of costs incurred in connection with TLG's actions (including the costs of agents and lawyers) and will be seeking to recover the same from TLG.

The following work has been undertaken in the reporting period in relation to the above:

- Liaising with solicitors to advise on the scope of the indemnity.
- Conducting a detailed analysis of the position with TLG and the resulting issues arising from the non-segregation of ROT stock.

## **CJRS monies**

As reported previously, a total sum of £130,862.16 (plus accrued interest) in respect of both EUL and BTL is currently held in a designated client account, separate to estate funds for PAYE/NIC due for April and May 2020 for furloughed staff which had been refunded to the Companies via the CJRS. In the reporting period, the Joint Administrators sought legal advice on whether these funds should be returned to HMRC (on the basis that the funds are held in a *Quistclose* trust), or alternatively, whether these funds are to be treated as an asset in the respective Administrations. Legal advice confirmed that the funds are to be treated as an asset of the Company.

It was initially understood that it would be relatively simple to determine the appropriate split between the two estates but despite liaising with HMRC and conducting an extensive review of the Company's payroll records, it has not been possible to accurately calculate the split of funds between both BTL and EUL. As no split has been capable of being determined, it has been necessary to instruct a third party, Kreston Reeves LLP, to assist in this regard.

This work was undertaken with a view to increasing realisations in the Administration (the funds have been deemed to be an asset of the Company) or reducing HMRC's claim in the Administration (had the funds been deemed to be held on trust for HMRC).

The following work has been undertaken in the reporting period in relation to the CJRS monies held:

- Instructing solicitors to advise on the treatment of the funds held.
- Liaising with HMRC in order to obtain to allocate funds appropriately between the estates.
- Conducting an extensive review of the Company's payroll records.
- Instructing accountants to assist in determining the allocation of funds between the estates.

## **Business Interruption Insurance**

Following enquiries being made by the Joint Administrators, it transpired that the Company, DBL and EUL held a group business interruption insurance policy with Aviva which provided cover up to £50m. A claim had been submitted by the Company prior to the Joint Administrators' appointment (although it was unquantified at that stage), but this was rejected by the insurers on the basis that the policy wording did not cover any prevention or restriction of access to the business premises resulting from the suppression of disease.

The Joint Administrators instructed their post-appointment insurers, who have a designated team set up for this purpose, to review whether the Supreme Court judgment on business interruption insurance and Covid-19 would alter the insurers' stance in any way. Regrettably, in this instance the insurer advised that cover does not exist because prevention of access requires property damage, and the disease clause is a closed list of diseases of which Covid is not one.

At the request of the Creditor's Committee, and in view of the potential significant benefit to having a successful claim under the policy, legal advice was obtained on the position for completeness. Unfortunately, the legal advice received confirmed that the Business Interruption Insurance Policy does not provide cover for loss caused by Covid-19. Aviva's reasons for refusing cover under the policy were consistent with their interpretation of the policy and the implications of the FCA Test Case. As a result, in their view, it is unlikely that the Joint Administrators would be able to successfully challenge Aviva's decision to refuse cover.

The following work has been undertaken in this regard in the reporting period:

- Making enquiries of the insurers regarding the business interruption insurance policy.
- Reviewing the terms of the policy.
- Making enquiries of the directors.
- Reviewing documentation provided by the pre-appointment insurer regarding the rejection of claims.
- Liaising with the insurers generally.
- Instructing solicitors to advise on the policy wording and scope of a claim.

Although the claim was ultimately rejected, this work was undertaken with a view to enhancing realisations and increasing the dividend to creditors.

## **HMRC**

Whilst the SOA provided for a VAT refund with a book value of £53,271, this was expected to be offset against the Company's pre-administration PAYE/NIC debt. However, a claim from HMRC in the sum of £1,427,083 has been received in respect of alleged outstanding VAT. This claim relates to a liability allegedly owed by the VAT Group which the Company was a member of (prior to being removed from the VAT Group due to the Administration). The Company is jointly and severally liable for this liability along with all members of the VAT Group. It should be noted that this liability is an assessment raised by HMRC in the absence of pre-appointment returns filed by the VAT Group. The Company was usually in a VAT repayment situation (as is evident by the VAT refund included in the SOA as an asset of the Company). It therefore appears that this liability may not be correct, and the Joint Administrators have instructed accountants to submit the missing pre-Administration VAT returns to (a) extinguish the alleged VAT liability of the VAT Group and (b) reduce HMRC's claim for dividend purposes.

The following work has been undertaken in the reporting period in this regard:

- Making enquiries of HMRC and the directors regarding the Company's pre-appointment tax position.
- Instructing an accountant to assist in reviewing the Company's pre-appointment tax affairs and submitting any outstanding returns in order to quantify HMRC's liability.
- Reviewing the Company's substantial electronic records to obtain any financial information/documentation required by the accountant instructed.
- Making enquiries of third parties (as necessary).

Whilst this work will not result in any realisations in the Administration of the Company due to there being an existing PAYE/NIC debt, it may result in realisations being achieved in the Administrations of EUL and DBL. It will also result in the reduction of HMRC's substantial claim in the Administration of the Company for dividend purposes.

## **Intercompany debts**

The SOA included intercompany debts with a book value of £4,429,862. It is understood that these debts primarily relate to a sum of circa £3,000,000 due to the Company from EUL (which is also in Administration) and a legacy debt of circa £1,400,000 understood to be due from BGL.

The debt from EUL has been written off as there is no prospect of a return to unsecured creditors in the Administration. The legacy debt from BGL was estimated to be realised in full according to the SOA.

The Joint Administrators issued a demand to BGL for the sum due. However, a response was received from solicitors acting on behalf of BGL and separately, directly from the director of BGL, stating that BGL did not borrow from BNP or AFC directly and had only guaranteed the Company's liabilities to both BNP and AFC. Under the guarantee, BGL paid £1.58m to BNP on 2<sup>nd</sup> April 2020 (which they claim extinguished the debt due to the Company). BGL also referred to a similar set off being available to them in respect of the sale of its shares in Wordery, some of the proceeds of which were paid to AFC in partial settlement of their liability. However, as the £1.58m paid to BNP exceeds the debt due, they only referred to this and did not seek to rely upon this as part of the purported set off. Subsequently, BGL was placed into Creditors' Voluntary Liquidation on 4<sup>th</sup> June 2021. Dividend prospects are understood to be relatively nominal.

At the date of appointment, there was also a debt due from Wordery in the sum of circa £33,000. Wordery also purported to apply set off.

The Joint Administrators have been required to undertake the following work in the reporting period in respect of the above:

- Instructing solicitors to advise on the purported set off applied by both Wordery and BGL.
- Obtaining further information from Wordery, BGL (and BNP with regard to the sum paid to them by BGL) to assist the solicitors in providing their advice.
- Submitting a claim in the Liquidation of BGL and reviewing dividend prospects.

### **Wordery Data**

The Board previously agreed to provide Wordery with financial data the Company was holding on its behalf for the period from 1 January 2020 to 30 April 2020. An invoice was raised post-Administration for Wordery to pay £1,000 plus VAT for the provision of the data. The data was initially withheld as Wordery had not paid the agreed charges (these have only been paid recently) in relation to the provision of this data nor had they provided documentation evidencing that they were entitled to the data. It became apparent that the obligation to provide this data was on BGL, and not the Company. The Joint Administrators advised Wordery of this and requested that they set out the basis upon which they believed the Company should provide the data.

The following work has been undertaken in this regard:

- Reviewing the data held.
- Liaising with Wordery regarding payment for reviewing whether the data could be released.
- Liaising with Wordery generally regarding the financial data.
- Obtaining legal advice on the Joint Administrators' obligations to release the financial data.

### **Preferential Creditors**

The only known preferential creditors were former employees of the Company for holiday pay. The SOA anticipated that £192,144 would be owed in this regard. Evolve was instructed to assist in calculating the employees' balancing preferential claims. Accordingly, preferential claims totalling £193,901.08 (including sums due to the RPS) were paid in full on 22<sup>nd</sup> April 2021. The following work was undertaken in the reporting period in this regard:

- Liaising with Evolve regarding preferential claims.
- Issuing a Notice of Intended Dividend to preferential creditors.
- Issuing formal correspondence to preferential creditors setting out the calculation of their claim

and dealing with any subsequent queries.

- Issuing a notice of declaration of dividend to preferential creditors.
- Liaising with Evolve regarding the associated RTI submission.

### **Unsecured Creditors**

The Company has around 2,100 known creditors. The following work has been undertaken in order to deal with unsecured creditors in the reporting period:

- Adjudicating on creditor claims as and when received.
- Maintaining up to date creditor information on the case management system.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.

### **Creditors' Committee**

The following work has been undertaken in order to deal with the Creditors' Committee in the reporting period:

- Holding meetings of the committee.
- Preparing detailed minutes of the committee meetings.
- Preparing and issuing a report to committee members regarding the approval of an increase in the Joint Administrators' remuneration.
- Liaising with committee members generally.

I had to undertake the work stated in the sections above either as part of my routine administrative functions, to minimise claims in the Administration or in order to protect and realise the assets of the Company.

### **Routine statutory and compliance work**

In addition to the above work, there is certain work that I am required by the insolvency legislation to undertake in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken since my last progress report is contained in Appendix 2.

## **4. RECEIPTS AND PAYMENTS ACCOUNT**

My Receipts & Payments Account for the period from 19<sup>th</sup> December 2020 to 18<sup>th</sup> June 2021 is attached at Appendix 3. All amounts are shown net of VAT. I have reconciled the account against the financial records that I am required to maintain.

Since the reporting period end date, the following transactions have taken place through the estate:

Date	Receipt	Payment	Details
24/06/2021	£44.80		Gross Bank Interest
06/07/2021		£17,816.29	Legal Fees & Expenses – Katten (inclusive of VAT)
12/07/2021		£600.00	Legal Fees & Expenses – Irwin Mitchell (inclusive of VAT)

Where indicated on the Receipts and Payments, funds are held in an interest-bearing estate bank account.



## 5. ASSETS

### Book Debts

According to the directors' SOA, the Company had debts with a book value of £3,871,960. After making a provision for bad and aged debts and likely disputes, the directors estimated that £1,846,922 would be recoverable.

Excluding Amazon, which made up circa £700k of the SOA ledger, the ledger comprises a large number of accounts with relatively small balances owed by independent bookshops, universities, libraries and schools. The BTL ledger includes over 500 customers.

As detailed in the Proposals, the Company's credit control team were retained by the Joint Administrators up to 31<sup>st</sup> July 2020 to collect out the ledgers for BTL, DBL and EUL (as far as possible). With effect from 1<sup>st</sup> August 2020, Cerberus were instructed by the Joint Administrators to pursue the collection of the remaining debts (excluding Amazon).

Whilst Cerberus is continuing to pursue payments due from customers, a number of issues have been encountered which have affected recoveries. These are as follows:

- There have been a number of disputes and issues in collecting the book debts as, historically, there has been a 'returns allowance' for non-saleable stock, which customers are seeking to enforce (notwithstanding that any returns are subject to the approval of the Company under its terms and conditions).
- Lots of debtors are claiming cash flow problems in light of the Covid-19 pandemic.
- Some debtors are requesting consolidated invoices (these were provided historically) which Cerberus are seeking to recreate but this is causing payment delays.
- A number of debtors are based overseas, creating difficulties establishing contact and/or instigating enforcement action.
- The debtor ledger passed to Cerberus was overstated due to payments having been made prior to their instruction.

Cerberus have collected the sum of £596,256.50 between their instruction and 18<sup>th</sup> June 2021, of which £46,699.76 was received in the reporting period. The majority of these funds have been received via the Company's bank accounts and the BNP blocked accounts. These receipts are therefore either comprised within the 'book debts', 'cash at bank' or 'cash held in blocked accounts' figures on the Receipts and Payments account or remain in the Natwest account.

Cerberus' most recent update on collections suggested that they expect to recover an additional £1,800. However, they are continuing to collect the remaining debts but they are predominantly from overseas debtors and therefore future recoveries (over and above the £1,800) are uncertain.

The Company had entered into the BNP Facility and the book debts subject to this facility were historically paid into "blocked accounts" held by them pursuant to the terms of their security. Whilst the sums owing to BNP were discharged from receipts into these accounts and from the sale of overseas entities, Erasmus and Houtschild, with their charge over the Company being satisfied on 24<sup>th</sup> April 2020, the remaining charge holder, AFC have a fixed charge over book debts and blocked account monies.

The majority of debtor recoveries have been channelled through the Company's existing bank accounts with Barclays, Natwest and BNP and are therefore comprised in the sums received in respect of 'cash at bank' and 'cash held in blocked accounts' on the attached Receipts and Payments account. The sums

received from Barclays and Natwest have been reconciled to establish what elements comprised funded debts and non-funded debts (further details in this regard can be found later in this report). Again, as detailed previously, Counsel's advice confirmed that AFC hold a fixed charge over funded debts.

As stated above, the debt due from Amazon is not being collected by Cerberus. A total of £313,174 has been paid by Amazon since appointment. The Joint Administrators conducted a reconciliation of the Amazon debt in order to issue a demand for the balance due of £377,342. However, despite ongoing correspondence, Amazon has not yet paid any further sums as they have raised queries on the account.

The debt due from Amazon was 'funded' and is therefore subject to AFC's fixed charge. Any sums paid by Amazon have been paid into the BNP accounts and are therefore included in the 'cash held in blocked bank accounts' figures on the Receipts and Payments Account.

#### Cash held in blocked bank accounts

Following the repayment of BNP in full, AFC hold a fixed charge over book debts which were previously caught by BNP's fixed charge (as confirmed by Counsel's advice). BNP continued to receive funds into the "blocked" accounts following Administration and a bank account was opened by the Joint Administrators to receive funds from BNP on a weekly basis. BNP initially agreed to keep all "blocked" accounts open until 24<sup>th</sup> October 2020 to facilitate debtor receipts since it was considered that it would be disruptive to issue revised bank account details to customers and therefore be detrimental to collections. This agreement was ultimately extended for a total 6 months, and the BNP accounts were subsequently closed.

According to the directors' SOA, £1,934,294 was held by BNP at the date of Administration. The sum of £2,912,623.82 has been received from them in the period to 18<sup>th</sup> June 2021 (of which £141,874.05 was received in the reporting period) which includes debtor recoveries received since Administration.

#### Cash at Bank

The Directors' SOA estimated that the sum of £1,847,365 would be realised in respect of the Company's Sterling account with Natwest and its Sterling, Euro and US Dollar accounts with Barclays.

These accounts were frozen by the Joint Administrators following appointment but remained open (where appropriate) in order to receive monies due to the Company.

The sums received from Natwest and Barclays amount to £2,076,423.35 (of which £27,140.77 was received in the reporting period) and these funds are currently held in the general Administration estate bank account.

Historically these accounts also received sums from customers whose debts were funded by the BNP Facility, and the Company would reconcile the position and transfer the relevant funds to the BNP blocked account. The Company had reconciled the position up to 31<sup>st</sup> May 2020 and made the relevant transfers to the BNP blocked account. Following receipt of Counsel's advice confirming that AFC hold a fixed charge over debts previously funded under the BNP Facility, the Joint Administrators have finalised reconciliations for June 2020 to June 2021 to calculate the funds received into the Natwest and Barclays accounts in this regard (which need to be re-allocated to fixed charge book debt realisations). Based on the reconciliations undertaken to date, the sum of £417,566 currently needs to be re-allocated from cash at bank to fixed charge book debt realisations. Debtor realisations are ongoing, and sums continue to be received into the Company's Natwest account (all other accounts having been closed in the reporting period) so further reconciliations of subsequent months will be required in due course. Once the remaining Natwest account is closed, the final reconciled total will be re-allocated as appropriate.

Whilst some credit balances have been transferred to the Administration estate (and are reflected in the attached Receipts and Payments account), circa £1,264 is still held in the Company's remaining account with Natwest as at 18<sup>th</sup> June 2021. The funds currently held in the remaining Natwest account will be transferred to the Administration estate shortly.

#### Contribution to costs (Wordery)

As advised earlier in this report, the Board previously agreed to provide Wordery with financial data the Company was holding on its behalf for the period from 1 January 2020 to 30 April 2020. An invoice was raised post-Administration for Wordery to pay £1,000 plus VAT for the provision of the data (which was only paid recently). However, the provision of the data is subject to ongoing legal advice.

#### Gross Bank Interest

As previously stated, the principal estate bank account is interest-bearing. Gross bank interest totalling £905.13 has been received into this account, of which £464.55 was received in the reporting period.

#### HMRC VAT refund

As advised earlier in this report, the Joint Administrators have instructed accountants, Kreston Reeves LLP, to submit the missing pre-Administration VAT returns to (a) extinguish the alleged VAT liability of the VAT Group and (b) reduce HMRC's claim for dividend purposes. No realisations are therefore expected.

#### Intercompany debts

As stated above, there is no prospect of a dividend from EUL. BGL is now in Liquidation, and dividend prospects will be monitored.

#### Prepayments & other receivables

According to the directors' SOA, the Company had prepayments and other receivables of £584,622 as at 19<sup>th</sup> June 2020. However, an estimated to realise value of nil was placed on this asset by the directors. A breakdown of the majority of the prepayments and other receivables of £584,622 has been obtained (this totals circa £548,000). Circa £362,000 of this relates to prepayments in respect of property expenses (rent/rates) which are not considered recoverable (with both the landlord and the council having submitted significant claims in the Administration). There are further sums totalling circa £22,000 which are subject to mutual set off. The balance of £164,000 is being investigated further and correspondence has been issued to establish whether any recoveries can be made. Based on responses received to date, any recoveries are considered unlikely.

#### Rent (including service charges & insurance)

As stated earlier in this report, the Company occupied the Office Premises from the period from appointment up to the date of the sale to TLG. Part of this premises was sub-let to EAAA at an annual rent of £70,748. Rent and service charges of £57,942.25 have been received from EAAA (of which £17,687 was received in the reporting period). A total of £50,928.87 plus VAT has been passed to the landlord in respect of rent received and other associated costs with the property have been paid.

#### Dilapidations settlement

Prior to appointment, the Company had engaged Savills (UK) Limited to assist in negotiating settlement of some historic service charges and dilapidations due from Royal Bank of Scotland PLC, a former sub-tenant of the Office Premises. The service charges of £97,377.41 were paid after appointment and are included in the figures for cash at bank. However, the dilapidations remained outstanding and a settlement of £87,720.88 had already been agreed in principle prior to Administration. As Savills had pre-existing knowledge of this matter, their services were retained by the Joint Administrators. On 2<sup>nd</sup> June 2021, a

formal settlement which provides for the sum to be paid within 28 days of completion was agreed. However, this sum has not yet been paid. The Joint Administrators are pursuing payment.

#### CJRS monies

As advised earlier in this report, a total sum of £130,862.16 (plus accrued interest) in respect of both EUL and BTL is currently held in a designated client account, separate to estate funds for PAYE/NIC which had been refunded to the Companies via the CJRS. Legal advice has confirmed that these funds are an asset in the respective estates. Once the allocation of funds has been identified by Kreston Reeves, the funds will be paid into the respective estates.

## **6. LIABILITIES**

#### Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies shows that the Company has granted the following outstanding charge:

<b>Persons entitled</b>	<b>Type of charge</b>	<b>Created</b>	<b>Delivered</b>
AFC	Fixed & floating charge	09/08/2019	13/08/2019

AFC previously advised that their indebtedness as at the date of Administration was £7,772,262.47. However, this has reduced to £6,200,262.47 following receipt of further sums by AFC from other Group entities. No sums have been paid to AFC during the Administration to date.

#### Preferential Creditors

The only known preferential creditors were former employees of the Company for holiday pay. The SOA anticipated that £192,144 would be owed in this regard. The RPS' preferential claim is £138,601.03. Evolve was instructed to assist in calculating the employees' balancing preferential claims, which total £55,300.05. Accordingly, preferential claims total £193,901.08.

#### Crown Creditors

The SOA included £661,692 owed to HMRC in respect of unpaid PAYE/NIC. A claim in the sum of £2,059,481.50 has been received from HMRC in respect of alleged outstanding VAT of £1,427,083 and PAYE/NIC of £632,398.52. Further details regarding the HMRC liability have already been provided earlier in this report.

#### Non-preferential unsecured Creditors

The SOA included other non-preferential unsecured creditors totalling £26,691,273. This sum was net of ROT returns (calculated by the Directors as £5,631,608) and inclusive of sums owed to employees in respect of redundancy and pay in lieu of notice (estimated to be £2,894,268).

I have received claims from unsecured creditors totalling £21,351,477, whilst a significant number of creditors included in the SOA have not yet claimed. A proof of debt form is attached at Appendix 7. This should be completed and returned to the Joint Administrators' office (either by email or post) with supporting documentation in evidence of your claim. If you have previously submitted a proof of debt form, there is no requirement to submit a further form.

Following my appointment, I received claims from former employees of the Company in respect of outstanding redundancy and pay in lieu of notice. These claims are understood to have been met by the RPS to the extent required. The RPS has submitted a claim of £2,024,584.90 in respect of sums paid by them, which is included in the total for unsecured claims provided above. Evolve will calculate employees'

balancing unsecured claims in due course.

## **7. DIVIDEND PROSPECTS (AND ALLOCATION OF COSTS)**

To comply with SIP14, costs are required to be apportioned between fixed, floating and uncharged asset realisations. The allocation of costs to fixed charge asset realisations is subject to the approval of AFC as the fixed charge holder. Following receipt of legal advice confirming that AFC's hold a valid fixed charge over the "blocked" accounts and book debts received post-administration which were historically subject to BNP's security (regardless which account they were paid into), the Joint Administrators have apportioned certain costs to fixed charge realisations as considered appropriate. AFC is yet to provide their formal agreement to these costs being allocated to fixed charge realisations and hence the apportionment/reallocation of funds in the Receipts and Payments Account will be undertaken once AFC has provided their agreement.

For the purposes of the Receipts and Payments account all debt collection costs (and the BNP bank charge) have been apportioned to fixed charge asset realisations on the basis that AFC hold a fixed charge over book debts and blocked account monies.

A summary of the dividend prospects based on current known information is as follows.

### Fixed charge creditors

Based on current information it is anticipated that fixed charge distributions will be made to AFC in respect of the cash held in blocked accounts and book debts.

### Preferential creditors

Preferential creditors totalling £193,901.08, consisting of the RPS and employees, were paid in full on 22<sup>nd</sup> April 2021.

### Floating charge creditors

It is anticipated that floating charge distributions will be made to AFC in due course.

### Unsecured creditors

No dividends have been paid to unsecured creditors to date.

As previously advised, the Company gave a floating charge to AFC on 9<sup>th</sup> August 2019 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs to date (and future estimated costs) of the Administration, the net property of the Company is estimated to be £734,032 and I estimate that the prescribed part of the net property for unsecured creditors is circa £150,000.

## **8. INVESTIGATION INTO THE AFFAIRS OF THE COMPANY**

The areas where I considered that further investigation was required, and which were not concluded in the prior reporting period, are as follows:

### Matters raised by creditors

During routine correspondence with creditors, certain matters of concern were raised. The Joint Administrators reviewed any matters raised and have concluded any matters raised by creditors which did not merit further investigation.

#### Disposal of shares held in Erasmus and Houtschild

DBL's accounts for the year ending 31<sup>st</sup> December 2018 stated that it disposed of 100% of the ordinary share capital of its (then) subsidiaries, Erasmus and Houtschild, to its UK ultimate parent company, BGL. During that same year, DBL received dividends of £600,000 and £1,400,000 from Houtschild and Erasmus, respectively. It was therefore possible that these shares had value and it was considered that further investigation was required into this transaction.

The Joint Administrators made enquiries of the Directors and BGL regarding the disposals and, despite the information included in DBL's accounts, based on the documentation obtained and reviewed to date, the shares were first transferred from DBL to BTL, who then sold them to BGL.

I can further advise as follows:

- The shares were sold by DBL to BTL, and by BTL to BGL on 20<sup>th</sup> December 2018.
- Despite the disposals being shown for a combined total of £2m in DBL's accounts, the total value placed on these shares according to the transfer documentation was £2.2m in both instances (£1,505,000 (Erasmus) and £695,000 (Houtschild)).
- No monetary payment was made for the sale of the shares, instead the sale price was deducted from the inter-company balance owing to BTL by DBL (for the first sale) and then created an intercompany loan owing from BGL to BTL (for the second sale).
- An independent valuation report was not obtained but instead BGL relied upon the following:
  - a third party at that time made an indicative offer for \$2.5m for the shares (we do not have any further information on this).
  - Aurelius ran the Dutch companies' financial plans through their standard valuation model, which indicated that the fair market value of the shares was £2,035,000 and £939,000 for Erasmus and Houtschild respectively. and
  - Circa 18 months later the Dutch companies were sold by BGL for €2.5m.

In light of the above, I instructed MBV to advise on whether the sale of the shares was for fair market value. MBV reviewed the financial data obtained in respect of Erasmus and Houtschild in order to advise and, despite the financial data not providing a split between the two subsidiaries, MBV advised that, as a global figure, the sale consideration represented fair market value. MBV's costs have been met by the estate of DBL as the initial holder of the shares.

DBL is a creditor of BTL, which will incorporate any sums owing by BTL in respect of the disposal of shares to them.

#### AFC's security

##### **S245 of the Act- Avoidance of floating charge**

AFC's security was granted on 9<sup>th</sup> August 2019 and hence is within the relevant two-year period for the avoidance of floating charges granted to connected parties. However, Section 245 of the Act only extends to invalidate a floating charge granted in such circumstances in respect of 'past' consideration. In this case, it appears that the granting of security and the provision of the term loan and stock facility by AFC were part of the same transaction and were only provided because of the provision of security. For this reason, the legal advice obtained from Katten concluded that Section 245 of the Act would not have any practical effect in this case although as stated previously, conclusive advice on this from Counsel was obtained. Counsel confirmed that he agreed with the contents of the original advice from Katten regarding the validity of AFC's floating charge. Accordingly, the provisions of Section 245 of the Act do not apply in respect of AFC's floating charge.

### **AFC partial repayment prior to Administration and extent of AFC security**

Katten provided advice which confirmed that AFC's charge had been validly executed. Katten had also preliminarily advised that the right for AFC to require book debts to be paid into a blocked account falls under the terms of the facility provided by AFC (i.e. that it is not a security right but a contractual right).

AFC had been partially repaid prior to Administration from i) the share sale of Wordery, and ii) from blocked account receipts. Legal advice has been obtained which confirmed AFC were entitled to receive these sums and allocate them against the sums owed to them as they saw fit.

As previously stated, further advice was obtained from Counsel in light of the nature of the facilities provided. Counsel's advice was that AFC's security is valid and they have a valid fixed charge over the "blocked" accounts and book debts received which were historically subject to BNP's security (regardless which account they were paid into).

### Bank Analysis

My previous report set out the work undertaken and to be undertaken in respect of the analysis of the Company's numerous bank accounts (and transactions with various connected and unconnected parties). These analyses were undertaken to establish whether any sums could be recovered for the benefit of creditors.

Due to the number of bank accounts held by the Company, the significant number of transactions, and the delays in receiving certain account statements from Barclays, a review of certain transactions remains in progress. Notwithstanding this, the reviews undertaken to date highlighted certain transactions that required further investigation and enquiries have been made in respect of the Directors and the recipients of these transactions (as appropriate) in the reporting period. To date no claims have been identified in respect of the transactions which were investigated further.

Should any additional transactions require further investigation, enquiries will be made as appropriate.

This work may lead to potential recovery actions, and the work outlined above was undertaken to further those investigations with a view to establishing whether recoveries can be made for the benefit of the creditors.

## **9. PRE-ADMINISTRATION COSTS**

On 29<sup>th</sup> October 2020, the following pre-administration costs were approved by the Creditors' Committee:

<b>Description</b>	<b>Total approved</b>	<b>Paid in total</b>	<b>Paid in reporting period</b>	<b>Balance outstanding</b>
Joint Administrators' Remuneration	£150,000.00	£150,000.00	£150,000.00	Nil
Valuation Agents/Marketing	£163,600.40	£163,600.40	Nil	Nil
Legal Fees and Expenses	£81,777.69	£81,777.69	Nil	Nil
ERA Services	£618.00	£618.00	Nil	Nil
PR Services	£499.50	£499.50	Nil	Nil
<b>TOTAL</b>	<b>£396,495.59</b>	<b>£396,495.59</b>	<b>£150,000.00</b>	<b>Nil</b>

As at 18<sup>th</sup> June 2021, £396,495.59 has been to date in respect of the pre-administration costs (of which £150,000 was paid in the reporting period), as detailed in the attached Receipts and Payments account.

## **10. JOINT ADMINISTRATORS' REMUNERATION**

My remuneration was approved by the Creditors' Committee on a time cost basis based on a fee estimate of £603,890. This fee estimate was increased by approval of the Creditors' Committee to £858,410. The increased fee estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the Creditors' Committee. My total time costs to 18<sup>th</sup> June 2021 amount to £742,048 representing 2,921.60 hours of work at a blended charge out rate of £253.99 per hour (of which £188,678, representing 783.00 hours of work, was charged in the period since 19<sup>th</sup> December 2020, at a blended charge out rate of £240.97 per hour.

I have drawn £499,452 to 18<sup>th</sup> June 2021, all of which was drawn in the period since 19<sup>th</sup> December 2020.

A detailed schedule of my time costs incurred to 18<sup>th</sup> June 2021 is attached as Appendix 4. In addition, a detailed schedule of my time costs incurred since 19<sup>th</sup> December 2020 is attached at Appendix 5. Furthermore, a comparison of these costs with my increased fees estimate for the Administration is attached as Appendix 6. This also includes comments where the actual blended charge out rate incurred is higher than that anticipated for each category of work, however, the overall blended rate is only slightly higher than that estimated when providing my revised fee estimate to creditors, which was £219.49. This is as a result of the requirement for a higher level of staff being required to deal with certain matters in the Administration.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.turpinbainsolvency.co.uk/fees-and-links>. There are different versions of these Guidance Notes, and you should refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which is attached at Appendix 8.

## **11. JOINT ADMINISTRATORS' EXPENSES**

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holders. and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.



A summary of the expenses I estimated I would incur when my remuneration was authorised by the creditors, in addition to the actual expenses incurred and paid up to 18<sup>th</sup> June 2021 (and since 19<sup>th</sup> December 2020), are as follows:

Type of expense	Estimated expense £	Incurred in Administration £	Paid in Administration £	Incurred in the reporting period £	Paid in the reporting period £
Specific Bond	720.00	720.00	720.00	Nil	Nil
Statutory Advertising	300.00	284.58	284.58	Nil	Nil
Postage	3,000.00	744.98	744.98	Nil	Nil
Mail Redirection	216.00	Nil	Nil	Nil	Nil
Insurance	4,500.00	4,363.51	4,363.51	285.59	285.59
Conference call costs	2,000.00	1,936.88	1,936.88	Nil	Nil
Rent	40,390.00	40,929.30	40,929.30	Nil	Nil
Property Expenses	10,000.00	33,960.19	33,960.19	4,884.36	33,960.19
Employees' wages & PAYE/NIC	137,087.00	137,086.22	137,086.22	Nil	Nil
Postage, Packaging & Pallet costs	5,000.00	5,031.69	5,031.69	Nil	Nil
Plant/Vehicle Hire	1,432.00	1,431.46	1,431.46	Nil	Nil
Security costs	7,392.00	7,448.79	7,448.79	Nil	Nil
Waste removal	176.00	175.69	175.69	Nil	Nil
Data extraction costs	550.00	550.00	550.00	Nil	Nil
Payroll software costs	5,000.00	1,855.06	Nil	Nil	1,855.06
Agents' Fees	180,000.00	174,395.74	172,945.74	Nil	12,000.00
Legal Fees - CRS	100,000.00	100,702.60	98,847.10	Nil	Nil
Legal Fees - Katten	50,000.00	158,730.91	141,978.50	61,897.91	62,230.00
Legal Fees – Irwin Mitchell	Nil	500.00	Nil	500.00	Nil
IT consultancy fees	5,000.00	4,567.61	4,567.61	Nil	Nil
Tax advice/accountancy services	5,000.00	2,100.00	Nil	2,100.00	Nil
Property services	Nil	3,900.00	Nil	3,900.00	Nil
Debt collection agents	73,877.00	29,812.53*	27,630.37	2,334.99*	12.07
Storage costs	28,776.50	15,414.98	12,595.00	2,819.98	12,595.00
ERA Agents' Fees	26,707.00	19,817.00	19,817.00	2,000.00	7,835.00
Pension Agents' Fees	450.00	450.00	Nil	Nil	450.00
PR Services	945.00	610.50	610.50	Nil	Nil
Data hosting services – Blue Chip	40,000.00	14,627.00	14,627.00	Nil	Nil

Internet supply – Virgin Media	6,950.00	6,950.00 (estimated as no final invoice has been received)	Nil	Nil	Nil
IT costs - Office 365 Exchange	Nil	4,705.04	4,705.04	Nil	Nil
Bank charges – BNP blocked account	Nil	1,500.00	1,500.00	Nil	Nil
<b>TOTAL</b>	<b>686,008.50</b>	<b>745,489.73</b>	<b>734,487.15</b>	<b>78,387.84</b>	<b>131,222.91</b>

*\*These costs are calculated based on 5% of realisations (as per the original agreement with Cerberus). Following the end of the reporting period Cerberus requested an increase in their collection fee for certain debts. These costs are therefore subject to change if their proposed increase is agreed by AFC. Further details in this regard can be found later in this report.*

The costs included in the above table represent the accrued costs in the Administration (and reporting period), notwithstanding that they may not yet have been invoiced as certain work is ongoing.

A regulatory change to the classification of expenses was brought into effect on 1<sup>st</sup> April 2021. Payments made to associates, which have been newly classified as category 2 expenses, prior to 1<sup>st</sup> April 2021 do not require retrospective approval. At the date of payment of the expenses in this case, all of the expenses incurred were deemed to be category 1 expenses. No category 2 expenses have therefore been incurred in this case to date.

I have used the following agents or professional advisors in the reporting period:

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Fee Arrangement</b>
Katten	Solicitors	Time costs + disbursements
Irwin Mitchell LLP	Solicitors	Fixed Fee
File Lady Limited	Document Management	Recurring fixed fees for storage
Evolve	ERA Services	Fixed Fee
Cerberus	Debt collection	Percentage of realisations
Savills (UK) Limited	Property services	Time costs
Kreston Reeves LLP	Tax advice / Accountancy Services	Fixed Fee

#### Katten

Katten has provided legal advice on a number of matters in the reporting period, including the following:

- Dealing with the surrender of the lease for the Office Premises and entering into related correspondence with the landlord's solicitor regarding service charges and a deed of release.
- Advising on the position with EAAA as sub-tenant and its exercise of the break clause.
- Advising on BGL's debt and set off rights.
- Advising on Wordery's claims and set off position.
- Advising on potential claims in respect of breaches of the sale agreement by TLG.
- Advising on the dilapidations settlement agreement between the Company and a former sub-tenant.
- Advising on the treatment of CJRS monies received.
- Advising on specific aspects of the security and treatment of blocked accounts and liaising with

counsel re the same.

- Advising on generic responses to unfair dismissal claims and similar employee issues.

Katten were instructed in the prior reporting period to obtain counsel's advice on AFC's security (at the request of the creditors' committee). This advice also applies to the Administrations of DBL and EUL. However, on the basis that the advice was sought at the request of the Creditors' Committee in BTL, it was considered appropriate for the costs to be solely attributed to the Company.

Katten were also instructed in the reporting period to provide advice on the treatment of the CJRS monies. Kreston Reeves LLP has been instructed to identify the allocation of the CJRS monies held between the Company and EUL. Once it is known what proportion of the funds relate to which entity, Katten's costs for undertaking this work will be re-allocated between the estates.

As stated earlier in this report, the Joint Administrators have sought advice from Katten on the prospect of seeking additional costs that were incurred in dealing with ROT claims as a result of TLG's failure to adhere to the terms of the sale agreement. Should a claim be capable of being made, it will include any costs incurred by Katten in dealing with and advising on TLG's non-compliance.

#### Irwin Mitchell LLP

At the request of the Creditor's Committee, and in view of the potential significant benefit to having a successful claim under the policy, legal advice was obtained from Irwin Mitchell LLP on the Business Interruption Insurance policy held by the Company, DBL and EUL. The costs have been incurred in this Administration in respect of this work as the foregoing advice was obtained in the Administration of the Company but also inadvertently applies to the Administrations of EUL and DBL (on the basis it was a Group policy).

#### File Lady Limited

File Lady Limited were engaged to assist with the storage of the books and records held at the former trading premises in Norwich. These records comprise records for BTL, EUL and the Company which are intermingled. The costs for this work were charged to BTL, however, they are likely to include charges for collecting/storing records on behalf of DBL and EUL (albeit these records are relatively nominal by comparison with BTL).

File Lady Limited have advised that they would not be able to separate the records of BTL, DBL and EUL to appropriately charge each estate without incurring significant additional costs. On the basis that the records involved principally relate to BTL, and the costs to separate the records will exceed any potential benefit to the estate of BTL, it has been concluded that the costs incurred by File Lady Limited be paid by BTL.

#### Evolve

Evolve have been engaged in the reporting period to undertake the following work:

- Calculate employees' balancing preferential claims.
- Arrange for an RTI submission to be made to HMRC for the preferential dividend.
- Liaise with employees generally.

#### Cerberus

Cerberus were engaged to pursue recovery of the Company's debtor ledger with effect from 1<sup>st</sup> August 2020. The work undertaken by Cerberus in the reporting period includes the following:

- Liaising with the Joint Administrators' office regarding the collectability of the ledger.

- Corresponding with debtors.
- Liaising with the Joint Administrators' office regarding debtor disputes, proposed payment plans, and the process for dealing with the same.
- Reporting to the Joint Administrators.

Cerberus is currently remunerated at a rate of 5% percent of collections received on or after 1<sup>st</sup> August 2020. As they have been required to undertake more work than they originally envisaged, Cerberus have proposed an increase in their collection fee. Their proposed revised fees are based on 5% of collections up to 31<sup>st</sup> December 2020, 7.5% of collections from 1<sup>st</sup> January 2021 to 6<sup>th</sup> June 2021 and 10% of collections from 7<sup>th</sup> June 2021 onwards. These costs are anticipated to be paid from fixed charge debtor realisations and are subject to approval by AFC.

#### Savills (UK) Limited

Savills were engaged by the Company prior to the Joint Administrators' appointment to assist with negotiating a dilapidations settlement with a former tenant of the Office Premises. Based on their pre-existing knowledge of the position, it was considered appropriate for them to be retained post-administration to finalise the settlement.

#### Kreston Reeves LLP

Kreston Reeves LLP were instructed in the reporting period to assist the Joint Administrators with the following:

- Reviewing the Company's pre-appointment VAT and Corporation Tax position.
- Preparing and filing outstanding VAT and Corporation Tax returns.
- Reconciling the CJRS position between EUL and BTL.

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of this case.

As at 18<sup>th</sup> June 2021 then, as you can see from the information provided in this report, the expenses I have incurred in this matter have exceeded the total expenses I estimated I would incur when my remuneration was authorised by the Creditors' Committee. The reasons I have exceeded the fee estimate are as follows:

- Within the estimate of expenses initially provided to creditors within the Proposals, an estimate for business rates due for the period of occupation of the trading premises was omitted. The sum due for rates was £21,938.85. This has therefore meant that the property expenses accrued exceeded the initial estimate of £10,000.
- Katten's costs have exceeded the initial estimate of £50,000 as a result of additional unforeseen work that has been required in relation to dealing with TLG and ROT claims (the Joint Administrators intend to seek recompense from TLG), dealing with a DSAR, instructing counsel to provide advice on AFC's security (at the request of the Creditors' Committee) and advising on a number of other ad hoc matters.
- In addition to the costs incurred for Blue Chip and Virgin Media (an estimate of which has been provided in the table of expenses as Virgin Media has failed to provide a final invoice despite repeated requests), an additional cost was incurred for the operation of the Office 365 exchange for the period of occupation of the trading premises.
- BNP charged the Joint Administrators a fee of £1,500 plus VAT for the costs of maintaining the blocked bank accounts.

#### Other payments

In addition to the expenses set out in the table provided, the following sums have been paid:

#### *Repayment of third-party funds - £6,367.50*

It transpired that a debtor had made a duplicated payment to the “blocked account” held by BNP. As the customer required the repayment of funds urgently and BNP could not facilitate the repayment to the customer directly, the Joint Administrators reimbursed the customer from administration estate funds. These funds will be reallocated to fixed charge costs in due course.

#### *Rent – Block C - £50,928.87 (of which £17,687 was paid in the reporting period)*

This relates to the onward transmission of rent received from the sub-tenant, EAAA, to the landlord.

## **12. FURTHER INFORMATION**

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Joint Administrators remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

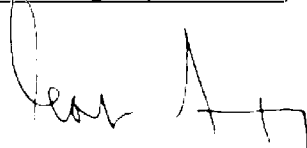
An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint Administrators’ fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Turpin Barker Armstrong can be found in our Provision of Services Regulation Summary Sheet which can be found at <https://www.turpinbainsolvency.co.uk/fees-and-links>.

## **13. SUMMARY**

The Administration will remain open until all matters mentioned in this report have been finalised.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available online, they should contact our office by email at [bertram@turpinba.co.uk](mailto:bertram@turpinba.co.uk), or by phone on 0208 661 4019.



**Martin C Armstrong FCCA FABRP FIPA MBA FNARA**  
**Joint Administrator**

The affairs, business and property of the Company are being managed by the Joint Administrators, Martin Armstrong and Andrew Bailey. The Joint Administrators act as agents of the Company and contract without personal liability.

**APPENDIX 1**  
**STATUTORY INFORMATION**

## APPENDIX 1 - STATUTORY INFORMATION

### Company Information

Company name:	Bertram Trading Limited
Formerly known as:	Smiths News 2009 Limited
Trading name:	Bertram Books and Bertram Library Services
Company number:	06849888
Date of incorporation:	17 <sup>th</sup> March 2009
Trading address:	1 Broadland Business Park, Norwich, Norfolk NR7 0WF
Current registered office:	Allen House, 1 Westmead Road, Sutton, Surrey, SM1 4LA
Former registered office:	1 Broadland Business Park, Norwich, Norfolk NR7 0WF
Principal trading activity:	Wholesaler of books

### Appointment Details

Joint Administrators:	Martin C Armstrong Andrew R Bailey
Joint Administrators' address:	Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA
Date of appointment:	19 <sup>th</sup> June 2020
Court name and reference:	High Court of Justice CR-2020-002736
Appointment made by:	The directors
Actions of Administrators:	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.
Extension of Administration	On 17 <sup>th</sup> March 2021, the secured (and preferential) creditors agreed to extend the Administration of the Company for a period of 12 months, such that the Administration will now automatically end on 18 <sup>th</sup> June 2022.

## **APPENDIX 2**

### **ROUTINE WORK UNDERTAKEN SINCE LAST PROGRESS REPORT**



## **Appendix 1 - Routine work undertaken since last progress report**

### **1. Administration**

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder (and their managers). It does not give direct financial benefit to the creditors but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Regular internal video calls/meetings with staff.
- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the office holders' estate bank account.
- Maintaining and managing the office holders' cashbook.
- Undertaking regular reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing 6 monthly progress report to creditors and members.
- Filing returns at Companies House.
- Reviewing the Company's pre and post-administration VAT and Corporation Tax position.
- Instructing and liaising with accountants to assist with bringing the Company's pre-Administration VAT and Corporation Tax position up to date.

### **2. Creditors**

Claims of creditors - the office holders need to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holders also need to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holders are required to undertake this work as part of their statutory functions.

Dividends - the office holders have to undertake certain statutory formalities in order to enable them to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

- Corresponding with employees regarding their claims and dealing with queries.
- Liaising with the RPS regarding employee claims.
- Liaising with solicitors regarding the validity and nature of the charge held by AFC.
- Providing updates to AFC.
- Preparing estimated outcome statements.
- Dealing with creditor correspondence, emails, and telephone conversations regarding their claims.
- Regular video meetings with team dealing with creditor correspondence.
- Maintaining up to date creditor information on the case management system.
- Reviewing proofs of debt received from creditors.
- Liaising with ERA agents regarding the calculation of employees' preferential and unsecured balancing claims.

- Issuing a notice of intended preferential dividend.
- Requesting additional information from preferential creditors in support of their proofs of debt in order to adjudicate on their claims.
- Calculating and paying a dividend to preferential creditors and issuing the notice of declaration of dividend.
- Paying tax deducted from the dividends paid to employees.

### **APPENDIX 3**

#### **JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

Bertram Trading Limited  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments

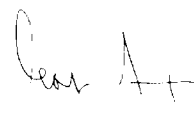
Statement of Affairs £		From 19/12/2020 To 18/06/2021 £	From 19/06/2020 To 18/06/2021 £
	FIXED CHARGE ASSETS		
1,846,922.00	Book Debts	41,330.74	65,322.13
1,934,294.00	Cash held in blocked bank accounts	141,874.05	2,912,623.82
40,000.00	Intangible Assets (Software & IP)	NIL	NIL
		183,204.79	2,977,945.95
	FIXED CHARGE COSTS		
	BNP bank charge	NIL	1,500.00
	Debt Collection Costs	12.07	27,630.37
		(12.07)	(29,130.37)
	FIXED CHARGE CREDITORS		
(7,772,262.00)	AFC Limited (Group Liability)	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
1,847,365.00	Cash at Bank	27,140.77	2,076,423.35
	Contribution to costs (Wordery)	1,000.00	1,000.00
	Gross Bank Interest	464.55	905.13
Uncertain	HMRC VAT refund	NIL	NIL
	Intangible assets (Software & IP)	NIL	40,000.00
1,400,000.00	Intercompany debts	NIL	NIL
435,000.00	Net Stock	NIL	435,000.00
NIL	Prepayments & other receivables	NIL	NIL
435,000.00	Property, Plant and Equipment	NIL	435,000.00
	Rent (inc service charges & insurance)	17,687.00	57,942.25
	Sale of returned stock	NIL	13,200.00
	Tax Refund	NIL	978.22
		46,292.32	3,060,448.95
	COST OF REALISATIONS		
	Agents' Fees & Expenses - Post-App	12,000.00	172,945.74
	Agents' Fees & Expenses - Pre-App	NIL	163,600.40
	Legal Fees & Expenses - Post-App (C)	NIL	98,847.10
	Legal Fees & Expenses - Post-app (K)	62,230.00	141,978.50
	Legal Fees & Expenses - Pre-App	NIL	81,777.69
		(74,230.00)	(659,149.43)
	COST OF ADMINISTRATION		
	Bank charges	25.00	25.00
	Conference Call Charges	NIL	1,936.88
	Data extraction costs	NIL	550.00
	Data hosting services	NIL	14,627.00
	Employee Childcare Vouchers	NIL	288.40
	Employee healthcare	NIL	211.62
	ERA Agents' Fees - Post-App	7,835.00	19,817.00
	ERA Agents' Fees - Pre-App	NIL	618.00
	Insurance of Assets	285.59	4,363.51
	IT Consultancy Fees	NIL	4,567.61
	IT costs	NIL	4,705.04
	Joint Administrators' Fees - Post-App	499,452.00	499,452.00
	Joint Administrators' Fees - Pre-App	150,000.00	150,000.00
	PAYE & NIC	NIL	50,005.05
	Payroll Costs	1,855.06	1,855.06
	Pension Agents' Fees	450.00	450.00
	Plant/Vehicle Hire	NIL	1,431.46
	Postage	NIL	744.98

Bertram Trading Limited  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 19/12/2020 To 18/06/2021 £	From 19/06/2020 To 18/06/2021 £
	Postage, Packaging and Pallet costs	5,031.69
	PR Agency Fees - Post-App	610.50
	PR Agency Fees - Pre-App	499.50
	Property Expenses	7,360.05
	Property Expenses - Block C	4,661.29
	Rates	21,938.85
	Records Management & Storage	12,595.00
	Rent - Block C (paid to landlord)	50,928.87
	Rent (inc service charges & insurance)	40,929.30
	Repayment of third party funds	6,367.50
	Security Costs	6,958.68
	Security Costs - Block C	490.11
	Specific Bond	720.00
	Statutory Advertising	284.58
	Wages & Salaries (inc pension)	86,581.15
	Waste Removal	175.69
	(717,007.86)	(1,001,781.37)
	PREFERENTIAL CREDITORS	
	Department of Employment	138,601.03
(192,144.00)	Employees' Holiday Pay (293/392)	41,605.25
	HMRC - PAYE/NIC	13,694.80
	(193,901.08)	(193,901.08)
	UNSECURED CREDITORS	
(115,836.00)	Accruals	NIL
(2,894,268.00)	Employees (PILON 392 & Redundancy)	NIL
(661,692.00)	HM Revenue & Customs	NIL
(1,717,705.00)	Intercompany	NIL
(1,840,764.00)	Non-trade Creditors	NIL
5,631,608.00	Retention of Title claims	NIL
(25,092,616.00)	Trade Creditors	NIL
	NIL	NIL
	DISTRIBUTIONS	
(1,000,001.00)	Ordinary Shareholders	NIL
	NIL	NIL
(27,717,099.00)	(755,653.90)	4,154,432.65
	REPRESENTED BY	
	Bank - Interest Bearing	1,050,247.35
	Fixed charge account	2,907,151.36
	Input VAT	304,002.83
	Output VAT	(106,968.89)
		4,154,432.65

Note:

It should be noted that all figures stated in the Receipts and Payments Account are detailed net of VAT.



Martin C Armstrong FCCA FABRP FIPA  
Joint Administrator

## **APPENDIX 4**

### **A SUMMARY OF THE JOINT ADMINISTRATORS' TIME COSTS IN THE ADMINISTRATION**

Time Entry - Detailed SIP9 Time & Cost Summary

XB0309 - Bertram Trading Limited  
From: 19/06/2020 To: 18/06/2021  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
402 : Cashiering	44.90	23.40	0.00	56.60	124.90	36,004.00	288.26
504 : Statutory Reporting to Creditors	17.00	55.90	5.90	10.90	89.70	31,419.00	350.27
603 : Statutory filing	4.00	11.10	0.00	6.40	21.50	6,579.00	306.00
604 : Appointment notification	0.60	2.20	0.30	4.90	8.00	1,317.00	164.63
605 : Case review	3.10	5.80	0.00	0.40	9.30	3,854.50	414.46
606 : MLR/Ethics/Bribery checklists	1.40	1.10	0.00	0.00	2.50	1,187.00	474.80
607 : Post-appointment VAT/CT returns	0.00	0.90	0.00	0.00	0.90	302.50	336.11
608 : Pension matters	0.00	4.10	0.00	0.00	4.10	1,435.00	350.00
609 : Administrative set up	0.00	0.00	0.00	0.60	0.60	60.00	100.00
611 : Maintenance of case files/records	0.00	2.30	0.70	20.70	23.70	2,232.00	94.18
701 : Strategy (incl Sales)	0.00	20.40	0.00	0.00	20.40	7,100.00	348.04
508 : Convening & holding meetings of creditors	3.70	2.40	0.00	6.10	12.20	3,041.50	498.61
510 : Convening decision procedures	0.20	19.10	0.00	0.00	19.30	6,780.00	351.30
600 : Administration	1.60	54.80	0.10	124.20	180.70	28,255.50	156.37
Administration & Planning	76.50	203.50	7.00	224.70	511.70	129,567.00	253.21
601 : Case Specific 1	64.30	102.30	0.00	2.20	168.80	73,336.50	434.46
Case Specific Matters	64.30	102.30	0.00	2.20	168.80	73,336.50	434.46
509 : Onerous property	2.20	12.10	0.00	0.00	14.30	5,400.00	377.62
505 : Report / Secured Creditor	20.10	21.90	0.00	0.00	42.00	19,456.00	463.24
507 : Dividend distribution/adjudicating claims	7.90	6.20	0.00	425.40	439.50	41,138.50	93.60
403 : Ongoing Employee Issues	0.00	5.40	0.00	0.60	6.00	1,786.00	297.67
500 : Preferential Creditors	1.20	4.40	0.80	13.00	19.40	2,866.50	147.76
501 : Unsecured Creditors	28.70	197.50	0.00	222.50	448.70	90,587.00	201.89
502 : Employee Matters	8.50	45.00	0.00	56.80	110.30	22,056.50	199.97
503 : Committee Report & Meeting	34.40	48.60	0.00	1.00	84.00	35,257.00	419.73
Creditors	103.00	341.10	0.80	719.30	1,164.20	218,547.50	187.72
201 : CDDA Reports	6.80	11.40	0.00	41.60	59.80	9,944.00	166.29
203 : Investigations (other)	21.50	123.00	4.10	34.40	183.00	55,155.00	301.39
204 : Reviewing/listing books and records	0.00	2.30	0.00	4.30	6.60	977.00	148.03
205 : Bank statement analysis	0.00	5.20	0.00	129.60	134.80	7,092.50	52.61
Investigations	28.30	141.90	4.10	209.90	384.20	73,168.50	190.44
300 : Ident / Securing & Insuring	0.00	4.80	0.50	0.20	5.50	1,795.50	326.45
301 : ROT	17.10	274.30	0.00	34.80	326.20	105,158.00	322.37
302 : Property	16.10	44.90	0.00	0.00	61.00	24,388.00	399.80
303 : Book Debts/retentions	29.90	92.60	0.00	1.50	124.00	48,130.50	388.15
304 : Plant & Machinery / Motor Vehicles	24.50	7.50	0.50	0.00	32.50	17,219.50	529.83
305 : Stock	2.10	15.20	0.00	3.10	20.40	6,677.50	327.33
306 : Other Assets	12.80	90.00	0.00	0.00	102.80	35,512.50	345.45
307 : Cash at bank	2.60	4.10	0.00	0.10	6.80	2,986.00	439.12
308 : Intangible assets/Goodwill/IP	4.00	5.90	0.00	0.00	9.90	4,445.00	448.99
202 : Pursuing Antecedent Transactions	0.00	3.60	0.00	0.00	3.60	1,116.00	310.00

# Time Entry - Detailed SIP9 Time & Cost Summary

XB0309 - Bertram Trading Limited  
From: 19/06/2020 To: 18/06/2021  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Realisation of Assets	109.10	542.90	1.00	39.70	692.70	247,428.50	357.19
Total Hours	381.20	1,331.70	12.90	1,195.80	2,921.60	742,048.00	253.99
Total Fees Claimed						499,452.00	



## **APPENDIX 5**

### **A SUMMARY OF THE JOINT ADMINISTRATORS' TIME COSTS IN THE REPORTING PERIOD**

Time Entry - Detailed SIP9 Time & Cost Summary

XB0309 - Bertram Trading Limited  
From: 19/12/2020 To: 18/06/2021  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
402 : Cashiering	14.50	7.60	0.00	15.90	38.00	11,233.50	295.62
504 : Statutory Reporting to Creditors	7.60	19.10	0.00	0.60	27.30	10,823.00	396.45
510 : Convening decision procedures	0.20	0.60	0.00	0.00	0.80	305.00	381.25
600 : Administration	1.30	5.00	0.00	14.60	20.90	3,318.00	158.76
603 : Statutory filing	0.50	0.00	0.00	0.60	1.10	321.50	292.27
605 : Case review	3.10	5.00	0.00	0.40	8.50	3,574.50	420.53
607 : Post-appointment VAT/CT returns	0.00	0.90	0.00	0.00	0.90	302.50	336.11
611 : Maintenance of case files/records	0.00	0.70	0.00	11.70	12.40	1,109.00	89.44
Administration & Planning	27.20	38.90	0.00	43.80	109.90	30,987.00	281.96
601 : Case Specific 1	2.20	9.30	0.00	0.00	11.50	4,308.50	374.65
Case Specific Matters	2.20	9.30	0.00	0.00	11.50	4,308.50	374.65
505 : Report / Secured Creditor	8.10	7.90	0.00	0.00	16.00	7,432.00	464.50
507 : Dividend distribution/adjudicating claims	7.90	3.00	0.00	276.70	287.60	30,164.50	104.88
500 : Preferential Creditors	1.20	3.80	0.80	12.30	18.10	2,628.50	145.22
501 : Unsecured Creditors	2.40	37.40	0.00	2.50	42.30	13,399.00	316.76
502 : Employee Matters	1.40	14.30	0.00	0.70	16.40	5,348.50	326.13
503 : Committee Report & Meeting	25.90	19.00	0.00	0.00	44.90	19,796.00	441.87
Creditors	46.80	85.40	0.80	292.20	425.20	78,768.50	185.25
203 : Investigations (other)	8.30	56.00	0.00	0.00	64.30	22,392.00	348.24
205 : Bank statement analysis	0.00	0.30	0.00	32.90	33.20	1,473.50	44.38
Investigations	8.30	56.30	0.00	32.90	97.50	23,865.50	244.77
300 : Ident / Securing & Insuring	0.00	1.20	0.00	0.00	1.20	382.50	318.75
301 : ROT	1.40	10.50	0.00	0.00	11.90	4,061.50	341.30
302 : Property	3.40	22.20	0.00	0.00	25.60	9,098.50	355.41
303 : Book Debts/retentions	10.10	30.10	0.00	0.90	41.10	15,466.50	376.31
306 : Other Assets	11.80	47.20	0.00	0.00	59.00	21,704.50	367.87
307 : Cash at bank	0.00	0.10	0.00	0.00	0.10	35.00	350.00
Realisation of Assets	26.70	111.30	0.00	0.90	138.90	50,748.50	365.36
Total Hours	111.20	301.20	0.80	369.80	783.00	188,678.00	240.97
Total Fees Claimed						499,452.00	

## **APPENDIX 6**

### **A COMPARISON BETWEEN THE JOINT ADMINISTRATORS' TIME COSTS AND FEE ESTIMATE**

Appendix 6 - Comparative fee estimate and time summary

	FEE ESTIMATE			REPORTING PERIOD (FROM 19 DECEMBER 2020 TO 18 JUNE 2021)			ADMINISTRATION (FROM 19 JUNE 2020 TO 18 JUNE 2021)			
Classification of Work Function	Fee Estimate £	Total hours of work	Blended Rate £	Time Costs incurred £	Total hours of work	Actual Blended Rate £	Time Costs incurred £	Total hours of work	Actual Blended Rate £	Reason blended rate has been/is likely to be exceeded
Administration & Planning	172,107.50	592.00	290.72	30,987.00	109.90	281.96	129,567.00	511.70	253.21	No comments - actual blended rate is lower than estimate.
Investigations	96,940.00	312.00	310.71	23,865.50	97.50	244.77	73,168.50	384.20	190.44	No comments - actual blended rate is lower than estimate.
Realisation of Assets	252,630.00	746.00	338.65	50,748.50	138.90	365.36	247,428.50	692.70	357.19	Higher level of staff required to deal with certain realisations (including Amazon and Wordery debts).
Creditors	252,445.00	2,014.50	125.31	78,768.50	425.20	185.25	218,547.50	1,164.20	187.72	Higher level of staff required to deal with certain claims/creditors and reporting to the Committee/AFC.
Case Specific Matters	84,287.50	246.50	341.94	4,308.50	11.50	374.65	73,336.50	168.80	434.46	Higher level of staff required to deal with carious case specific matters (including dealing with post-Administration supplies, IT/data issues, and furlough funds).
Total	858,410.00	3,911.00	219.49	188,678.00	783.00	240.97	742,048.00	2,921.60	253.99	Slightly higher blended rate a result of the requirement for higher level of staff being required to deal with certain matters in the Administration

**APPENDIX 7**  
**PROOF OF DEBT FORM**

**Rule 14.4 The Insolvency (England and Wales) Rules 2016**

**Proof of Debt – General Form**

**IN THE**

**High Court of Justice**

**Number:**

**CR-2020-002736**

**Name of Company in Administration:**

**Bertram Trading Limited**

**Company Registration Number:**

**06849888**

**Date of Administration:**

**19<sup>th</sup> June 2020**

1 Name of creditor

(If a company, please also provide the company registration number).

2 Correspondence address of creditor (including any email address)

3 Total amount of claim (£)  
(include any Value Added Tax)

4 If amount in 3 above includes (£)  
outstanding uncapitalised interest, state amount.

5 Details of how and when the debt was incurred.  
(If you need more space, attach a continuation sheet to this form)

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

7 Details of any reservation of title claimed in respect of goods supplied to which the debt relates.

8 Details of any document by reference to which the debt can be substantiated

9 Signature of creditor  
(or person authorised to act on the creditor's behalf)

10 Address of person signing if different from 2 above

11 Name in BLOCK LETTERS:

12 Position with, or relation to, creditor

13 Date of signature

Admitted to vote for

Admitted for dividend for

Amount (£)

Amount (£)

Date

Date

Martin C Armstrong FCCA FABRP FIPA MBA FNARA  
Joint Administrator

Martin C Armstrong FCCA FABRP FIPA MBA FNARA  
Joint Administrator

#### Notes:

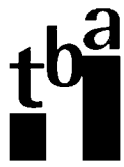
1. There is no need to attach them now but the office holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.

2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

**APPENDIX 8**

**PRACTICE FEE RECOVERY SHEET**





**turpin barker armstrong**

Accountants, Auditors and Business Advisors  
Corporate Recovery and Insolvency  
Wealth Management

## **PRACTICE FEE RECOVERY POLICY FOR TURPIN BARKER ARMSTRONG**

### Introduction

This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court. The report accompanying the request to fix the basis of remuneration will indicate the basis, or bases, being requested in that particular case and will make it clear what work is to be undertaken in respect of each basis.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <https://www.turpinbainsolvency.co.uk/fees-and-links>. Alternatively, a hard copy may be requested from Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA. Please note that we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning (including statutory reporting).
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading.
- Case specific matters.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6-minute units with supporting narrative to explain the work undertaken.

## Charge-out rates

Grade of staff	Charge- out rate per hour, effective from 1 <sup>st</sup> April 2021 £	Charge- out rate per hour, effective from 1 <sup>st</sup> April 2019 £	Charge-out rate per hour, effective from 1 <sup>st</sup> April 2017 £	Charge-out rate per hour, effective from 1 <sup>st</sup> April 2013 £
<b>Partner</b>				
Senior Partner	645.00	595.00	545.00	495.00
Partner	475.00	440.00	400.00	365.00
<b>Manager</b>				
Director	370.00	-	-	-
Manager	350.00	350.00	325.00	295.00
Assistant Manager	325.00	310.00	285.00	260.00
<b>Other Senior Professionals</b>				
Senior Administrator	310.00	290.00	265.00	240.00
<b>Assistants &amp; Support Staff</b>				
Administrator	260.00	240.00	220.00	200.00
Assistant Administrator	100.00	100.00	90.00	80.00
Junior Administrator	40.00	40.00	40.00	40.00

These charge-out rates charged are reviewed on 1<sup>st</sup> April each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time.

In cases where we were appointed prior to 1<sup>st</sup> October 2015, most of our fees are recovered on a time cost basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1<sup>st</sup> October 2015 and the basis of our post-appointment fees will be determined once we are aware of the full circumstances of the case and will be subject to approval.

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is provided in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or “blended” rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

#### Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is provided in a separate section below.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

#### Fixed Fee

The legislation allows fees to be charged at a set amount. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge, and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is provided in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the

circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

#### Direct Costs

Where we seek approval on a percentage and/or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Administration and Planning (including statutory reporting) – staff costs.
- Realisation of Assets – staff costs.
- Investigations – staff costs.
- Creditors (claims and distributions) – staff costs.
- Trading – staff costs.
- Case specific matters – staff costs.

#### Mixed bases

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

#### Members' Voluntary Liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

#### All fee bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are usually VAT exempt, the office holder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

#### Expenses

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire

(where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and Company search fees.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.

Turpin Barker Armstrong does not propose to recover any Category 2 expenses that include an element of shared costs.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists;
- Employment Claims specialists; and
- GDPR/Cyber Security specialists.

#### Reporting and rights to challenge

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and/or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and/or expenses for the period covered by the report.

Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under rule 18.9 of the Insolvency (England and Wales) Rules 2006, an unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under rule 18.34, an unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.