



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	8	2	3	6	7
Company name in full	DAWSON BOOKS LIMITED							

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s)	MARTIN CHARLES
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	

### 4 Administrator's name ①

Full forename(s)	ANDREW RICHARD
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	

#### 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 1
To date	d 1	d 8	m 0	m 6	y 2	y 0	y 2	y 2

### 7 Progress report

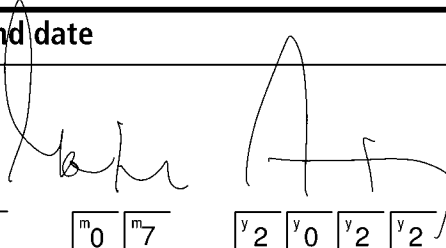
☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

d 1	d 4	m 0	m 7	y 2	y 0	y 2	y 2
-----	-----	-----	-----	-----	-----	-----	-----

**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**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

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

**Dawson Books Limited t/as “Dawsonera” and “Dawsonenter” (“the Company”) – In Administration**

**JOINT ADMINISTRATORS’ PROGRESS REPORT FOR THE SIX MONTHS PERIOD**

**FROM 19<sup>TH</sup> DECEMBER 2021 TO 18<sup>TH</sup> JUNE 2022**

For the purposes of this report (and the appendices), the following abbreviations shall be used:

“AFC”	Aurelius Finance Company Limited
“Barclays”	Barclays Bank Plc
“BGL”	Bertram Group Limited (in Liquidation)
“BII Policy”	Business Interruption Insurance Policy
“BNP”	BNP Paribas Commercial Finance Limited
“BNP Facility”	The agreement for the Discounting of Debts entered into with BNP
“BTL”	Bertram Trading Limited (In Administration)
“Cerberus”	Cerberus Receivables Management Limited
“DBL” or “the Company”	Dawson Books Limited (in Administration)
“Erasmus”	Erasmus Antiquariaaten Boekhandel BV
“EUL”	Education Umbrella Limited (in Administration)
“HMRC”	HM Revenue and Customs
“Houtschild”	Houtschild Internationale Boekhandel BV
“Natwest”	Natwest Bank Plc
“SIP14”	Statement of Insolvency Practice 14
“SOA”	The Directors’ Estimated Statement of Affairs as at 24 <sup>th</sup> July 2020
“the Court”	The High Court of Justice
“the Group”	The Bertram Group of Companies (as per Group structure appended to the 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

## **CONTENTS**

- 1.** Executive Summary
- 2.** Statutory Information
- 3.** Joint Administrators' actions since last progress report
- 4.** Receipts and Payments accounts
- 5.** Assets
- 6.** Liabilities
- 7.** Dividend prospects
- 8.** Joint Administrators' remuneration
- 9.** Joint Administrators' expenses
- 10.** Further information
- 11.** Summary

## **APPENDICES**

<b>Appendix 1</b>	Statutory Information
<b>Appendix 2</b>	A description of the routine work undertaken since our last progress report
<b>Appendix 3</b>	Joint Administrators' receipts and payments account
<b>Appendix 4</b>	A summary of the Joint Administrators' time costs in the Administration
<b>Appendix 5</b>	A summary of the Joint Administrators' time costs in the reporting period
<b>Appendix 6</b>	Proposed increased fee estimate
<b>Appendix 7</b>	A comparison between the Joint Administrators' time costs, original fee estimate, and proposed increased fee estimate
<b>Appendix 8</b>	Estimated outcome statement
<b>Appendix 9</b>	Notice of Virtual Meeting and decisions being sought
<b>Appendix 10</b>	Notice of invitation to form a Creditors' Committee
<b>Appendix 11</b>	Proof of debt form
<b>Appendix 12</b>	Proxy form
<b>Appendix 13</b>	Practice fee recovery policy

## **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 of the Company is to achieve objective (c), that is to realise property in order to make a distribution to the secured creditor of the Company. This has been achieved as a result of the sale of the Company's assets shortly after appointment and by collecting the sums due to the Company from customers, which have enabled an interim fixed charge distribution to be made to AFC in the prior reporting period.

### *Progress of the Administration*

- The Company's intangible assets, consisting of data, software, and intellectual property, were sold to TLG on 6<sup>th</sup> July 2020 for £40,000.
- 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 in the reporting period 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*

- In the prior reporting period an interim fixed charge distribution was paid to AFC, whilst it is also anticipated that further distributions will be made under both the fixed and floating charges held by AFC in due course.
- The Company's financial position means there are insufficient assets to enable a dividend to non-preferential unsecured creditors, other than by way of a distribution of the prescribed part of the net property. Based on current information, the estimated distribution to unsecured creditors pursuant to the prescribed part is now circa £118,000. If my proposed fee increase is approved, the estimated prescribed part will reduce to circa £105,000.

## **2. STATUTORY INFORMATION**

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

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

### **AFC**

AFC has a fixed and floating charge over the Company dated 9<sup>th</sup> August 2019, and Counsel's advice (obtained in the Administration of BTL but which also applies to DBL) confirmed that this includes 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). Creditors should note that AFC also hold a fixed and floating charge over BTL and EUL (albeit the Administration of EUL has now been concluded).



The work has been undertaken in respect of AFC's liability/security in the reporting period comprises providing updates and estimated outcome statements to AFC.

### **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 collections reports from Cerberus.

### **Intercompany debts**

The SOA included the sum of £1,507,294.34 as being owed to DBL by BTL. The electronic records of both the Company and BTL indicated that the sum of £1,378,927.15 was actually owed to the Company by BTL and a claim for this sum has been duly submitted in the Administration of BTL. The claim submitted in the Administration of BTL was reviewed by an independent firm of accountants and has been admitted in full for dividend purposes. A dividend will be received from the Administration of BTL in due course.

Although not included on the SOA, the Company's electronic records suggested there is also a balance owed to the Company by BGL of circa £20,000. During the reporting period the intercompany position was reviewed further and a claim for £19,298.50 was submitted in the liquidation of BGL (BGL having entered Creditors' Voluntary Liquidation on 4<sup>th</sup> June 2021). Dividend prospects in the liquidation of BGL are currently speculative due to uncertainty over HMRC's preferential claim in that liquidation.

The following work was undertaken in the reporting period in this regard:

- Reviewing the Company's electronic records in respect of the intercompany balance owed by BGL.
- Submitting a claim in the Administration of BGL.
- Requesting periodic updates from the Liquidator of BGL.

### **Compensation on late payments**

Under the Late Payment of Commercial Debts Act the Company is able to claim interest and penalties for invoices that were paid late by Local Authorities. In the prior reporting period we instructed DELV Limited to act in this matter on our behalf. DELV Limited reviewed the Company's electronic records and issued claims on our behalf. Unfortunately no recoveries were made and DELV have concluded their efforts.

The following work was undertaken in the reporting period in this regard:

- Liaising with DELV Limited regarding potential claims.
- Reviewing periodic updates from DELV Limited and dealing with queries.

### **Extension of Administration**

I previously sought the consent of the secured creditor to extend the Administration to 18<sup>th</sup> June 2022.

As there were still outstanding matters to conclude, I needed to extend the Administration of the Company for a further 12-month period, ending 18<sup>th</sup> June 2023. A further extension of the Administration was required to be requested by Court application. The following work was required in the reporting period in this regard:

- Liaising with Katten regarding the Court application.
- Writing to creditors notifying them of the proposed extension.
- Reviewing witness statement and other documentation relating to the application.
- Issuing formal notification of the extension to creditors and Companies House.

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 in the reporting period is contained in Appendix 2.

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

My Receipts & Payments Account for the period from 19<sup>th</sup> December 2021 to 18<sup>th</sup> June 2022 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 bank accounts:

<b>Date</b>	<b>Receipt</b>	<b>Details</b>
24/06/2022	£4.98	Gross Bank Interest
05/07/2022	£4,870.61	Book Debts (net of Cerberus' gross costs)

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

#### **5. ASSETS**

The following assets have been realised or otherwise dealt with in the reporting period. Creditors should refer to my prior progress reports for details of assets realised in prior reporting periods.

##### Book Debts

According to the SOA, the Company had book debts with a book value of £932,539. After making a provision for bad and aged debts and likely disputes, the directors estimated that £646,456 would be recoverable in this regard.

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. The ledger comprised a large number of accounts with relatively small balances and, according to the Finance Director, a likely collection period of 2-3 months was originally envisaged given many are independent bookshops, universities, libraries, and schools (which have had periods of closure due to the COVID-19 pandemic).

Cerberus have now concluded their collections and, as previously reported, a number of issues were encountered which affected and delayed recoveries. These are as follows:

- Lots of debtors claimed cash flow problems in light of the COVID-19 pandemic.
- Some debtors requested consolidated invoices (which were provided historically) that Cerberus sought to recreate where possible, however, this caused payment delays.
- A number of debtors were 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 by customers prior to their instruction.

Cerberus have collected the sum of £329,067.92 between their instruction and 18<sup>th</sup> June 2022, of which £5,352.32 was collected in the reporting period.

In addition to the funds collected by Cerberus directly, two receipts totalling £5,150.94 were received in the reporting period which relate to dividends from the Liquidation of one of the Company's funded debtors.

The majority of debtor recoveries were channelled through the Company's existing bank accounts with Barclays, Natwest and BNP (until their closure) and were originally therefore comprised in the sums received in respect of 'cash at bank' and 'cash held in blocked accounts' on our Receipts and Payments account.

During the reporting period, debtor receipts totalling £15,829.35 which had previously been categorised as fixed charge realisations were identified as non-funded debtors. These funds were therefore re-allocated (along with the associated debt collection costs), hence the negative entry for the net sum of £10,118.19 shown on the receipts and payments account for Book Debts.

Again, as detailed previously, Counsel's advice confirmed that AFC hold a fixed charge over funded debts.

As set out above, Cerberus' collections have now concluded, and they remitted the final balance due to the Company on 5<sup>th</sup> July 2022 as previously reported. The only further realisations that are expected in this regard relate to further dividends from the Liquidation of the Company's insolvent debtor mentioned above (albeit the timing and quantum of these are currently uncertain).

#### Gross Bank Interest

As previously stated, the principal estate bank account is interest-bearing. Gross bank interest totalling £434.81 has been received into this account to 18<sup>th</sup> June 2022, of which £29.03 was received in the reporting period.

#### Intercompany debts

Whilst no realisations have been made in this regard, as set out previously, in the reporting period a claim was submitted in the liquidation of BGL (whilst a claim had already been submitted in the Administration of BTL). Whilst dividends are expected from the insolvency procedures of both BTL and

BGL, the quantum and timing of these are currently uncertain.

#### Late Payment Compensation

As set out previously, DELV Limited were pursuing compensation claims against Local Authorities on our behalf for invoices that were paid late. Unfortunately no recoveries were made and DELV have concluded their efforts.

## **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 reduced to £6,200,262.47 following receipt of further sums by AFC from other Group entities. An interim fixed charge distribution of £600,000 was paid to AFC in the prior reporting period. AFC has also received interim fixed charge distributions totalling £3,075,000 from the Administrations of BTL and EUL.

#### Preferential Creditors

The SOA did not include any preferential creditors and as expected, no claims have been received.

#### Crown Creditors

The SOA did not include any amount owing to HMRC, however, we originally received a claim from HMRC in the sum of £1,427,083 in respect of alleged outstanding VAT. As previously reported, following correspondence in the prior reporting period, HMRC have confirmed they have no claim in the Administration.

#### Non-preferential unsecured Creditors

The SOA included other non-preferential unsecured creditors with an estimated total liability of £3,205,961. I have received claims from 79 unsecured creditors totalling £1,751,219, whilst a significant number of creditors included in the SOA have not yet claimed. Claims are therefore expected to increase significantly.

A proof of debt form is attached at Appendix 11. 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.

## **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 was subject to the approval of AFC as the fixed charge holder. Following receipt of legal advice confirming that AFC hold 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), the Joint Administrators apportioned certain costs to fixed

charge realisations as considered appropriate. This included all fixed charge debt collection costs (and the BNP bank charge) on the basis that AFC hold a fixed charge over book debts and blocked account monies. AFC previously provided their formal agreement to elements of other costs being allocated to fixed charge realisations and these have been allocated per this agreement (as shown in the in the Receipts and Payments Account included with this report).

A summary of the allocation of costs agreed with AFC is as follows:

<b>Cost type</b>	<b>% Allocated to fixed charge</b>	<b>Total paid to 18/06/2022</b>	<b>Allocated to fixed charge realisations</b>	<b>Allocated to floating charge realisations</b>
Joint Administrators' Fees – Pre appt	10%	£12,500.00	£1,250.00	£11,250.00
Joint Administrators' Fees – Post appt	25%	£205,505.00	£51,376.25	£154,128.75
Legal Fees – Pre Appt	10%	£7,060.83	£706.08	£6,354.75
Legal Fees – Post Appt	10%	£4,506.33	£450.63	£4,055.70
Bank Transfer Fees*	100%	£25.00	£25.00	Nil
BNP Bank Charge	100%	£1,500.00	£1,500.00	Nil
Debt Collection Costs	100% for fixed charge debts	£24,278.66	£23,091.46	£1,187.20

*\*Relates to distributions under fixed charge only.*

Any future sums paid in respect of the above cost types will be apportioned in the same way.

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

#### Fixed charge creditors

On 26<sup>th</sup> August 2021 an interim fixed charge dividend of £600,000 was paid to AFC. This equated to 9.68p in the £ in respect of their agreed claim of £6,200,262.47. It is anticipated that a final fixed charge dividend of between circa £20,000 and £40,000 will be paid to AFC in due course.

#### Preferential creditors

N/A

#### Floating charge creditors

It is anticipated that floating charge distributions totalling circa £458,000 will be made to AFC in due course. If my proposed fee increase is approved this will reduce to circa £407,000.

#### 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 £577,010, and I estimate that the prescribed part of the net property for unsecured creditors is circa £118,000. If my proposed fee increase is approved, the net property of the Company is estimated to be £513,265, and I estimate that the prescribed part of the net

property for unsecured creditors will be circa £105,000.

## **8. JOINT ADMINISTRATORS' REMUNERATION**

My remuneration was approved on a time cost basis based on a fee estimate of £205,515. The fee estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors. My total time costs to 18<sup>th</sup> June 2022 amount to £235,825.00, representing 793.7 hours of work at a blended charge out rate of £297.12 per hour, (of which £17,404.50, representing 41.9 hours of work, was charged in the period since 19<sup>th</sup> December 2021, at a blended charge out rate of £415.38 per hour).

I have drawn £205,505 to 18<sup>th</sup> June 2022, of which £80,505 was drawn in the period since 19<sup>th</sup> December 2021. As set out previously, and as agreed with AFC, 25% of these costs have been apportioned to, and paid from, fixed charge realisations.

A detailed schedule of my time costs incurred to 18<sup>th</sup> June 2022 is attached as Appendix 4. In addition, a detailed schedule of my time costs incurred since 19<sup>th</sup> December 2021 is attached at Appendix 5. Furthermore, a comparison of these costs with my original fee estimate for the Administration, and my proposed increased fee estimate, is attached as Appendix 7. 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 original fee estimate to creditors, which was £229.75. This is as a result of the requirement for a higher level of staff being required to deal with certain matters in the Administration.

As you can see from the information provided in this report, the total time costs I have incurred in this matter to 18<sup>th</sup> June 2022, in respect of the categories of work for which I am being remunerated on a time cost basis, have exceeded the total estimated remuneration I set out in my fees estimate when my remuneration was authorised by the creditors. However, I have not drawn remuneration in excess of my fees estimate. The reasons my time costs have exceeded the fees estimate are that the case has been more complex than initially envisaged, with various unforeseen matters requiring action following Administration, whilst debtor collections have also taken a lot longer than anticipated. This has resulted in more work being required to deal with these matters, along with statutory obligations associated with the Administration remaining open for a longer period of time. Further details in this regard are provided later in this report.

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 enclosed at Appendix 13.

I am seeking an increase in the amount of remuneration that I can draw in this case.

As previously stated, I have already incurred time costs in excess of the fee estimate previously agreed. I have set out below the reasons that I have already exceeded the estimate or anticipate exceeding the fee estimate previously provided:

## **ADMINISTRATION AND PLANNING**

The secured creditor previously agreed to extend the Administration of the Company for a period of 12 months, such that the Administration would automatically end on 18<sup>th</sup> June 2022. Further, a Court Order made on 14<sup>th</sup> June 2022 extended the Administration of the Company for a further period of 12 months, such that the Administration will now automatically end on 18<sup>th</sup> June 2023. This was required as a result of certain matters not being resolved prior to the automatic end of the Administration.

As a result of the extensions of the Administration, the estimate of time to be taken in respect of general administrative tasks exceeds that set out in the original fee estimate. The increased work required to date, and anticipated to be required, includes, but is not limited to, the following:

- Internal 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 six-month progress reports to creditors and members.
- Filing progress reports at Companies House.
- Liaising with HMRC regarding the VAT Group, VAT deregistration and re-registration.
- Preparing and filing VAT returns.
- Supervising the work of advisors instructed on the case to assist in dealing with Corporation Tax returns; obtaining updates from them on the work done; and checking the adequacy of the work done.

As the Administration has been extended on two occasions, time spent dealing with the above tasks is higher than the original estimate which was based on the Administration only lasting one year. As at 18<sup>th</sup> June 2022, my time costs in respect of Administration and Planning matters are £91,182.00. The original fee estimate estimated that £61,555.00 would be incurred overall in the Administration. The increased estimate of £112,197.50 takes into account the additional work that has been, and will continue to be, required to be undertaken in relation to the above tasks as a result of the two extensions of the Administration. I would also advise that my firm's charge out rates increased with effect from 1<sup>st</sup> April 2021 which has also had an impact on the time costs incurred (and anticipate will be incurred going forward).

Whilst the above work provides no financial benefit to creditors, the Joint Administrators are required by the insolvency legislation to undertake it.

## **CREDITORS**

In addition to the above, more time has been, and is expected to be, spent corresponding with creditors through statutory reports and general day to day correspondence and updates.

As at 18<sup>th</sup> June 2022, my time costs in respect of dealing with creditors are £54,544.50. The original fee estimate projected that £60,365.00 would be incurred overall in the Administration. Whilst the original estimate has not yet been exceeded, it is expected to be shortly. This is as a result of the following:

#### *AFC*

Whilst not envisaged at the outset, in the Administration of BTL, 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. Counsel's advice may have had implications on AFC's security position in this Administration (in addition to the Administrations of BTL and EUL) and may have impacted on the outcome for unsecured creditors. As a result, additional time was required to be spent relating as follows:

- Liaising with Katten solicitors regarding the validity and nature of the charges held by AFC.
- Reviewing queries raised by Counsel and liaising with AFC in order to obtain any additional information required.
- Reviewing Counsel's advice.
- Raising additional queries with Counsel/Katten regarding book debts received into the Company's non-blocked accounts.

Whilst Counsel's ultimate advice was that AFC's security is valid and they have 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), this work was undertaken with a view to potentially improving the position for unsecured creditors.

#### *HMRC*

Whilst the SOA provided for a VAT refund with a book value of £2,305, a claim in the sum of £1,427,083 was originally received from HMRC in respect of alleged outstanding VAT. This claim related to a liability allegedly owed by the VAT Group which the Company was a member of. The Company is jointly and severally liable for any VAT Group liability along with all other members. This liability related to 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) so it appeared that this liability may not be correct. The Joint Administrators instructed independent accountants, namely Kreston Reeves LLP, in the prior reporting period to review the available records and, where possible, 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. Unfortunately Kreston Reeves LLP advised that the Company's records were not sufficient to enable the outstanding returns to be submitted.

In view of the above, we wrote to HMRC to request that they set out the basis of their assessments and also that they re-assess the pre-Administration VAT assessments previously raised in light of the Company's pre-Administration repayment position. This was done in the hope that they would rescind the assessments and submit a revised, reduced claim. In the reporting period, and as a result of our letter, HMRC submitted a revised claim which removed the VAT liability and confirmed that they have no claim in the Administration.

The following work has been undertaken in this regard:

- Providing Kreston Reeves LLP with access to available Company records.
- Liaising with Kreston Reeves LLP regarding the pre-Administration tax affairs and the records available.
- Reviewing the Company's prior VAT position and issuing correspondence to HMRC in respect of their initial claim and the associated VAT assessments raised.



Whilst this work is not expected to result in any realisations in the Administration of the Company, it has resulted in the reduction of HMRC's substantial claim in the Administration of the Company for dividend purposes.

#### *General*

Significant time has also been incurred in relation to dealing with creditor claims, correspondence, and reviewing/adjudicating upon claims in preparation for payment of a dividend pursuant to the prescribed part. There are around 800 creditors and there has generally been more interaction with creditors than was envisaged when my fee estimate was issued. In addition, certain queries from creditors have been more complex in nature and have therefore required a higher level of staff to deal with such matters.

Additional costs will be incurred in finalising the adjudication of claims, liaising with creditors regarding the same, and processing the prescribed part dividend to unsecured creditors.

The increased fee estimate of £80,560 takes into account the additional work that has been required to be undertaken to date and will be required to be undertaken going forward in relation to the above tasks.

### **REALISATION OF ASSETS**

As at 18<sup>th</sup> June 2022, my time costs in respect of dealing with the realisation of the Company's assets was £40,875.00. The original fee estimate anticipated that £30,090.00 would be incurred overall in the Administration. As you will note, the original estimate has already been exceeded. Further information regarding why this estimate has already been exceeded (and is expected to increase slightly) is set out below:

#### *Book Debts*

There were a number of issues encountered by Cerberus in collecting the debtor ledger due to disputes, requests for returns etc. and the Joint Administrators have been required to liaise with them extensively in respect of the same. In addition, the Joint Administrators have been required to review and provide comments on a number of proposed settlements put forward by debtors or Cerberus. This work has required the following:

- Liaising with Cerberus regarding debtor disputes and the process for dealing with the same.
- Liaising with Cerberus regarding settlement and repayment proposals from debtors.
- Making enquiries of the directors with regard to certain debtor accounts.

Due to the number/level of disputes, it took longer than initially anticipated for Cerberus to collect the ledger and it was therefore necessary to continue to engage with them during an extended period. Their work has recently concluded as previously reported.

Furthermore, whilst not envisaged at the outset, a number of debtors contacted the Joint Administrators directly for a number of reasons including i) to verify Cerberus' involvement, ii) to make payment directly to the Joint Administrators (rather than to Cerberus) and iii) to raise disputes.

It was also originally only anticipated that BNP would keep the "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 may be detrimental to collections. This period was initially extended for three months by agreement with BNP until the end of January 2021. A further

three-month extension was agreed until the end of April 2021.

The following work has therefore been required to be undertaken over a longer than anticipated period in respect of dealing with BNP:

- 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.

#### *Business Interruption Insurance Claim*

Following enquiries being made by the Joint Administrators, it transpired that the Company, BTL and EUL held a group BII 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 insurer's 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.

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

- Making enquiries of the insurers regarding the BII Policy.
- Reviewing the terms of the policy.
- Making enquiries of the directors.
- Reviewing documentation provided by the Company's pre-appointment insurer regarding the rejection of claims.
- Liaising with the insurers generally.

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

#### *Compensation on late payments*

Under the Late Payment of Commercial Debts Act the Company is able to claim interest and penalties for invoices that were paid late by Local Authorities. We instructed DELV Limited to act in this matter on our behalf, although unfortunately no recoveries were made.

The following work was undertaken in this regard (which was not originally anticipated in my original fee estimate):

- Liaising with and instructing DELV Limited regarding potential claims.
- Extracting and providing electronic records to DELV Limited.
- Reviewing periodic updates from DELV Limited and dealing with queries.

This work was undertaken with a view to maximising realisations in the Administration.

The increased fee estimate of £44,245 takes into account the additional work that has been required to be undertaken to date and will be required to be undertaken going forward in relation to realising the remaining assets of the Company (comprising dividends from BTL, BGL and the other insolvent debtor).

## **INVESTIGATIONS**

I have not sought to increase my fee estimate in respect of this category of work. Although there have been additional matters that have arisen in the Administration which have required further investigation which were not envisaged when I previously issued my fee estimate, the time costs that I've incurred as at 18<sup>th</sup> June 2022 of £43,527.00 remain below my original fee estimate of £47,360.00. This is as a result of a lot of the work having been able to be undertaken by more junior members of staff.

As previously reported, my investigations have concluded, and I therefore do not envisage that any further time costs will be incurred in this regard.

## **CASE SPECIFIC MATTERS**

I have not sought to increase my fee estimate in respect of this category of work. Although there have been additional matters that have arisen in the Administration which were not envisaged when I previously issued my fee estimate, including dealing with the liquidation of Dawson Spain and correspondence regarding the treatment of VAT on e-publications, the time costs that I've incurred as at 18<sup>th</sup> June 2022 of £5,696.50 remain below my original fee estimate of £6,145.00.

## **SUMMARY**

Where appropriate, I have stated where the above work did, or was expected to result in additional realisations being made in the Administration or where it reduced liabilities in the Administration. Some of this additional work does not give direct financial benefit to the creditors, but the Joint Administrators must undertake it in order to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that they must follow.

This additional work will take 214.50 hours at a total time cost of £84,992.50 at a "blended" rate of £396.24 per hour. This will increase the total fee estimate to £290,507.50 at a "blended" rate of £261.95 per hour. I enclose a revised fee estimate at Appendix 6. As mentioned previously, I also enclose at Appendix 7 a comparative summary of the original fee estimate, the increased fee estimate, and my time costs incurred to 18<sup>th</sup> June 2022. The increased fee estimate will act as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from creditors. If my time costs incurred on the case exceed the estimate, or are likely to exceed the estimate, I will provide an explanation as to why that is the case in the next progress report I send to creditors.

I only anticipate needing to seek approval to draw fees in excess of this increased estimate if circumstances in the case change again such that I find that it is taking longer than anticipated to undertake the work required to complete the case (although I consider this unlikely).

To assist you in your consideration of my request for an increase in my fees I enclose a receipts and payments account covering the period since the Company was placed into Administration, (and showing separately the period since my last statutory report to creditors). I have reconciled this account to the financial records that I am required to maintain. I also enclose an estimated outcome statement at Appendix 8 showing both the estimated position based on my approved fees, and the estimated position assuming that creditors approve the increase in fees I am now requesting.

Based on the outcome statement, I anticipate being able to draw my increased fee estimate in full should such costs be approved.

## 9. 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 holder; 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> December 2021 (and since 19<sup>th</sup> June 2021), is below:

Type of expense	Estimated expense	Incurred in reporting period	Paid in reporting period	Incurred to 18/06/2022	Paid to 18/06/2022
	£	£	£	£	£
Specific bond	510.00	Nil	Nil	510.00	510.00
Statutory advertising	300.00	Nil	Nil	163.50	163.50
Postage costs	1,500.00	Nil	Nil	33.78	33.78
Postal redirection	216.00	Nil	Nil	Nil	Nil
Valuation agents	11,000.00	Nil	Nil	9,000.00	9,000.00
Legal fees	10,000.00	4,916.00	Nil	9,422.33	4,506.33
Tax advisor	5,000.00	2,000.00	Nil	3,500.00	1,500.00
IT fees	902.00	Nil	Nil	902.00	902.00
Debt collection agents	25,858.00	401.42	42.01*	24,680.08	24,278.66
Document management	5,000.00	Nil	Nil	Nil	Nil
PR services	500.00	Nil	Nil	203.50	203.50
Translation services	Nil	Nil	Nil	100.00	100.00
BNP bank charge	Nil	Nil	Nil	1,500.00	1,500.00
<b>Total</b>	<b>60,786.00</b>	<b>7,317.42</b>	<b>42.01</b>	<b>50,015.19</b>	<b>42,697.77</b>

*\*As previously reported, during the reporting period debtor receipts totalling £15,829.35 which had previously been categorised as fixed charge realisations were identified as non-funded debtors. These funds were therefore re-allocated (along with the associated debt collection costs). Whilst £42.01 was paid to Cerberus in the reporting period, the negative entry of £1,145.19 against fixed charge debt collection costs also accounts for the re-allocation of £1,187.20 to floating charge debt collection costs.*

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.

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>
Cerberus	Debt collection	Percentage of realisations
DELV Ltd	Recovery of compensation for late payments	Percentage of realisations
Katten	Solicitors	Time costs + disbursements
Buzzacott LLP	Tax Advice/Assistance	Fixed fee

#### 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.
- Reporting to the Joint Administrators.

Cerberus were initially remunerated at a rate of 5% of collections received on or after 1<sup>st</sup> August 2020. This fee was subsequently increased to a new increased rate of 7.5% of all collections (with the agreement of AFC).

#### DELV Limited

DELV Limited continued to pursue compensation claims for late payments from Local Authorities and were to be remunerated at a rate of 25% of collections. The work undertaken by DELV Limited in the reporting period comprises the following:

- Liaising with the Joint Administrators regarding potential claims.
- Issuing claims to Local Authorities and subsequent correspondence in this regard.
- Providing updates on claims to the Joint Administrators.

As no recoveries were ultimately made, no payments have been made to DELV Limited.

#### Katten

Katten were instructed to assist the Joint Administrators in making an application to Court for the extension of the Administration in accordance with Insolvency Legislation. The work undertaken by Katten in the reporting period in this regard comprises the following:

- Preparing administration extension application: drafting application notice, draft order, witness statement of Martin Armstrong.

- Compiling documents to exhibit with application (including appointment documents, previous extension documents, consents, Joint Administrators' proposals, and progress reports.
- Correspondence with Joint Administrators regarding the application and amending application documents as appropriate.
- Filing application and relevant correspondence with Court.
- Review of Court Order.
- Preparing second witness statement to file further evidence.
- Instructing counsel to attend hearing.
- Preparing hearing bundle.
- Review of Counsel's skeleton for hearing and providing comments.
- Correspondence and calls with Counsel.
- Attending hearing, updating Joint Administrators, and circulating final Order.

#### Buzzacott LLP

Buzzacott LLP are instructed to provide tax advice to the Joint Administrators and assist in finalising the Company's post Administration tax returns. The work undertaken in the reporting period relates to finalising the tax computations and returns for the period ending 18<sup>th</sup> June 2021 and submitting these to HMRC.

The costs for the above work were accrued in the reporting period (as shown in the expenses table), however, their invoice was received outside of the reporting period.

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 also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case.

As you can see above, the total expenses I have incurred to date are less than the total expenses I estimated I would incur when my remuneration was approved. I do not anticipate that the expenses I will incur in this matter will exceed the total expenses I estimated I would incur when my remuneration was authorised by the creditors.

## **10. 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.

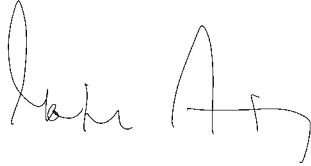
An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint Administrators' fees and the amount of any proposed expenses or expenses 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>.

## 11. SUMMARY

The Administration will remain open until all matters mentioned in this report have been finalised. I estimate that this will take approximately 6-9 months, and once these matters have been finalised the Administration will cease and my files will be closed.

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 020 8661 4019.

A handwritten signature in black ink, appearing to read 'Martin Armstrong', written in a cursive style.

**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 C 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 name:	Dawson Books Limited
Formerly known as:	N/A
Court name and reference:	High Court of Justice CR-2020-002744
Registered office:	Allen House 1 Westmead Road Sutton Surrey SM1 4LA
Former registered office:	1 Broadland Business Park Norwich Norfolk NR7 0WF
Registered number:	06882367
Joint Administrators' names:	Martin C Armstrong and Andrew R Bailey
Joint Administrators' address:	Turpin Barker Armstrong Allen House 1 Westmead Road Sutton Surrey SM1 4LA
Joint Administrators' date of appointment:	19 <sup>th</sup> June 2020
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:	A Court Order made on 14 <sup>th</sup> June 2022, extended 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 2023.

## **APPENDIX 2**

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

## **Appendix 2 - Routine work undertaken in the reporting period**

### **1. Administration**

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

- Internal calls/meetings with staff.
- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the office holders' estate bank accounts.
- Maintaining and managing the office holders' cashbook.
- Undertaking regular bank reconciliations of the bank accounts 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 a 6 monthly progress report to creditors and members.
- Filing progress reports at Companies House.
- Reviewing the Company's pre and post-administration VAT and Corporation Tax position.
- Liaising with HMRC regarding the VAT Group, VAT deregistration and re-registration.
- Supervising the work of advisors instructed on the case to assist in dealing with Corporation Tax returns; obtaining updates from them on the work done; and checking the adequacy of the work done.

### **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.

- Providing updates to AFC.
- Preparing estimated outcome statements.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Liaising with HMRC regarding their VAT claim and the withdrawal of the same.
- Regular 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.

### **APPENDIX 3**

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

Dawson Books Limited  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments

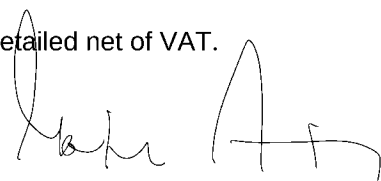
Statement of Affairs £		From 19/12/2021 To 18/06/2022 £	From 19/06/2020 To 18/06/2022 £
	<b>FIXED CHARGE ASSETS</b>		
646,456.00	Book Debts	(10,118.19)	129,972.76
134,740.00	Cash held in blocked bank accounts	NIL	585,678.46
40,000.00	Intangible Assets (Data, Software & IP)	NIL	NIL
		(10,118.19)	715,651.22
	<b>FIXED CHARGE COSTS</b>		
	Joint Administrators' Fees - Pre-App	NIL	1,250.00
	Joint Administrators' Fees - Post-App	20,126.25	51,376.25
	Legal Fees & Expenses - Pre-App	NIL	706.08
	Legal Fees & Expenses - Post-App (C)	NIL	450.63
	Bank transfer fees	NIL	25.00
	BNP bank charge	NIL	1,500.00
	Debt Collection Costs	(1,145.19)	23,091.46
		(18,981.06)	(78,399.42)
	<b>FIXED CHARGE CREDITORS</b>		
(7,772,262.00)	AFC Limited (Group Liability)	NIL	600,000.00
		NIL	(600,000.00)
	<b>ASSET REALISATIONS</b>		
	Book Debts - non-funded	15,829.35	15,829.35
772,845.00	Cash at Bank	NIL	722,091.87
	Gross Bank Interest	29.03	434.81
2,305.00	HMRC VAT Refund	NIL	NIL
	Intangible Assets (Data, Software & IP)	NIL	40,000.00
NIL	Intercompany debts	NIL	NIL
	Prepayments	NIL	9,443.79
NIL	Property, Plant & Equipment	NIL	NIL
NIL	Stock	NIL	NIL
		15,858.38	787,799.82
	<b>COST OF REALISATIONS</b>		
	Agents'/Valuers' Fees - Post-App	NIL	9,000.00
	Agents'/Valuers' Fees - Pre-App	NIL	11,000.00
	Legal Fees & Expenses - Post-App	NIL	4,055.70
	Legal Fees & Expenses - Pre App	NIL	6,354.75
		NIL	(30,410.45)
	<b>COST OF ADMINISTRATION</b>		
	Debt Collection costs	1,187.20	1,187.20
	IT Fees	NIL	902.00
	Joint Administrators' Fees - Post-App	60,378.75	154,128.75
	Joint Administrators' Fees - Pre-App	NIL	11,250.00
	PR Agency Fees - Post-App	NIL	203.50
	PR Agency Fees - Pre App	NIL	166.50
	Specific Bond	NIL	510.00
	Stationery & Postage	NIL	33.78
	Statutory Advertising	NIL	163.50
	Tax Advice	NIL	1,500.00
	Translation services	NIL	100.00
		(61,565.95)	(170,145.23)
	<b>UNSECURED CREDITORS</b>		
(175,722.00)	Accruals (Incl Adobe Systems Softwar	NIL	NIL
(472,953.00)	Consumer Creditors (59)	NIL	NIL
(94,786.00)	Non-trade Creditors	NIL	NIL
(1,992.00)	Non-UK VAT/WHT	NIL	NIL

Dawson Books Limited  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 19/12/2021 To 18/06/2022 £	From 19/06/2020 To 18/06/2022 £
(2,460,508.00)	Trade Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(9,381,878.00)		(74,806.82)	624,495.94
	REPRESENTED BY		
	Bank - Interest Bearing		544,613.85
	Fixed charge a/c:Non-Interest Bearing		32,096.07
	Input VAT		55,786.02
	Output VAT		(8,000.00)
			624,495.94

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

XD0192 - Dawson Books Limited  
From: 19/06/2020 To: 18/06/2022  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
603 : Statutory filing	1.60	1.60	0.00	2.80	6.00	1,610.00	268.33
604 : Appointment notification	0.60	1.80	0.30	2.00	4.70	1,061.00	225.74
605 : Case review	13.40	5.70	0.00	1.20	20.30	9,380.00	462.07
606 : MLR/Ethics/Bribery checklists	1.20	1.10	0.00	0.00	2.30	1,099.00	477.83
607 : Post-appointment VAT/CT returns	4.10	1.10	0.00	0.70	5.90	2,510.50	425.51
608 : Pension matters	0.00	0.20	0.00	0.00	0.20	70.00	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	0.10	1.70	0.30	1.90	4.00	847.50	211.87
701 : Strategy (incl Sales)	0.00	4.60	0.00	0.00	4.60	1,610.00	350.00
402 : Cashiering	15.60	8.40	0.40	26.40	50.80	13,351.50	262.82
504 : Statutory Reporting to Creditors	45.60	42.30	4.70	3.80	96.40	41,473.50	430.22
510 : Convening decision procedures	1.80	7.00	0.00	0.00	8.80	3,521.00	400.11
600 : Administration	7.20	18.90	0.20	58.00	84.30	14,588.00	173.05
Administration & Planning	91.20	94.40	5.90	97.40	288.90	91,182.00	315.62
601 : Case Specific 1	2.70	11.90	0.00	0.00	14.60	5,696.50	390.17
Case Specific Matters	2.70	11.90	0.00	0.00	14.60	5,696.50	390.17
505 : Report / Secured Creditor	25.20	9.20	0.00	0.00	34.40	17,276.00	502.21
507 : Dividend distribution/adjudicating claims	0.50	0.10	0.00	4.60	5.20	496.50	95.48
501 : Unsecured Creditors	13.60	86.90	0.90	23.80	125.20	36,772.00	293.71
Creditors	39.30	96.20	0.90	28.40	164.80	54,544.50	330.97
201 : CDDA Reports	7.40	10.00	0.00	2.50	19.90	8,211.00	412.61
203 : Investigations (other)	18.50	52.60	2.50	10.40	84.00	29,352.00	349.43
204 : Reviewing/listing books and records	0.00	0.00	0.00	1.20	1.20	48.00	40.00
205 : Bank statement analysis	0.00	4.00	0.00	112.90	116.90	5,916.00	50.61
Investigations	25.90	66.60	2.50	127.00	222.00	43,527.00	196.07
300 : Ident / Securing & Insuring	0.00	1.00	0.50	0.00	1.50	495.00	330.00
301 : ROT	0.00	9.30	0.00	0.00	9.30	2,903.00	312.15
303 : Book Debts/retentions	15.00	39.30	0.00	0.00	54.30	20,960.00	386.37
305 : Stock	0.00	0.30	0.00	0.00	0.30	105.00	350.00
306 : Other Assets	9.00	8.60	0.00	0.00	17.60	8,227.50	467.47
307 : Cash at bank	1.80	4.90	0.00	0.60	7.30	2,820.00	386.30
308 : Intangible assets/Goodwill/IP	3.10	10.00	0.00	0.00	13.10	5,344.50	407.98
Realisation of Assets	28.90	73.40	0.50	0.60	103.40	40,875.00	395.31
Total Hours	188.00	342.50	9.80	253.40	793.70	235,825.00	297.12
Total Fees Claimed						205,505.00	



# Time Entry - Detailed SIP9 Time & Cost Summary

XD0192 - Dawson Books Limited  
From: 19/06/2020 To: 18/06/2022  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
---------------------------------	---------	---------	----------------------------	----------------------------	-------------	---------------	-------------------------

## **APPENDIX 5**

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

Time Entry - Detailed SIP9 Time & Cost Summary

XD0192 - Dawson Books Limited  
From: 19/12/2021 To: 18/06/2022  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
402 : Cashiering	3.00	0.00	0.00	3.60	6.60	1,819.00	275.61
600 : Administration	3.30	0.10	0.00	0.30	3.70	1,612.00	435.68
603 : Statutory filing	0.40	0.00	0.00	2.00	2.40	304.00	126.67
605 : Case review	2.90	0.00	0.00	0.00	2.90	1,513.50	521.90
607 : Post-appointment VAT/CT returns	3.60	0.00	0.00	0.50	4.10	1,866.00	455.12
611 : Maintenance of case files/records	0.00	0.00	0.00	1.10	1.10	86.00	78.18
504 : Statutory Reporting to Creditors	12.50	0.10	1.50	1.10	15.20	7,371.00	484.93
Administration & Planning	25.70	0.20	1.50	8.60	36.00	14,571.50	404.76
505 : Report / Secured Creditor	1.50	0.00	0.00	0.00	1.50	712.50	475.00
507 : Dividend distribution/adjudicating claims	0.50	0.00	0.00	0.00	0.50	271.50	543.00
501 : Unsecured Creditors	1.00	0.00	0.00	0.10	1.10	485.00	440.91
Creditors	3.00	0.00	0.00	0.10	3.10	1,469.00	473.87
303 : Book Debts/retentions	2.50	0.00	0.00	0.00	2.50	1,221.50	488.60
306 : Other Assets	0.30	0.00	0.00	0.00	0.30	142.50	475.00
Realisation of Assets	2.80	0.00	0.00	0.00	2.80	1,364.00	487.14
Total Hours	31.50	0.20	1.50	8.70	41.90	17,404.50	415.38
Total Fees Claimed						85,505.00	

## **APPENDIX 7**

### **A COMPARISON BETWEEN THE JOINT ADMINISTRATORS' TIME COSTS, ORIGINAL FEE ESTIMATE, AND PROPOSED INCREASED FEE ESTIMATE**

Comparative fee estimate and time summary

	ORIGINAL FEE ESTIMATE			PROPOSED INCREASED FEE ESTIMATE			REPORTING PERIOD			TOTAL TO 18TH JUNE 2022			
Classification of Work Function	Fee Estimate £	Total hours of work	Blended Rate £	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	61,555.00	254.50	241.87	112,197.50	377.00	297.61	14,571.50	36.00	404.76	91,182.00	288.90	315.62	Higher level of staff required to deal with certain administrative matters to date.
Investigations	47,360.00	224.00	211.43	47,360.00	224.00	211.43	0.00	0.00	0.00	43,527.00	222.00	196.07	No comments - actual blended rate is lower than estimate.
Realisation of Assets	30,090.00	75.00	401.20	44,245.00	107.00	413.50	1,364.00	2.80	487.14	40,875.00	103.40	395.31	No comments - actual blended rate is lower than estimate.
Creditors	60,365.00	324.50	186.02	80,560.00	384.50	209.52	1,469.00	3.10	473.87	54,544.50	164.80	330.97	Higher level of staff required to deal with certain claims/creditors to date (including those relating to eBooks supplied under licence and eBook VAT queries). Total time costs incurred to date lower than estimate, however.
Case Specific Matters	6,145.00	16.50	372.42	6,145.00	16.50	372.42	0.00	0.20	0.00	5,696.50	14.60	390.17	No comments - actual blended rate comparable to estimate.
Total	205,515.00	894.50	229.75	290,507.50	1,109.00	261.95	17,404.50	42.10	413.41	235,825.00	793.70	297.12	Slightly higher blended rate a result of the requirement for higher level of staff being required to deal with certain matters in the Administration to date.

## **APPENDIX 8**

### **ESTIMATED OUTCOME STATEMENT**

**Dawson Books Limited**

**Estimated Outcome Statement as at 18 June 2022**

	Notes	INCREASED FEE ESTIMATE			ORIGINAL FEE ESTIMATE		
		Realised/paid to 18/06/22	Future	Total	Realised/paid to 18/06/22	Future	Total
		£	£	£	£	£	£
<b>Assets Specifically Pledged</b>							
Cash (blocked account)	1	585,678	0	585,678	585,678	0	585,678
Debts (ledger)	2	129,973	5,352	135,325	129,973	5,352	135,325
Investments		0	0	0	0	0	0
				721,003			721,003
<b>Less: Estimated Payments</b>							
Debt collection agents	4	(23,091)	(401)	(23,492)	(23,091)	(401)	(23,492)
Bank transfer charge		(25)	(25)	(50)	(25)	(25)	(50)
BNP Bank charge		(1,500)	0	(1,500)	(1,500)	0	(1,500)
Joint Administrators' Fees - Pre-App	5	(1,250)	0	(1,250)	(1,250)	0	(1,250)
Joint Administrators' Fees - Post-App	5	(51,376)	(21,251)	(72,627)	(51,376)	(3)	(51,379)
Legal Fees - Pre-App	6	(706)	0	(706)	(706)	0	(706)
Legal Fees - Post-App	6	(451)	(492)	(942)	(451)	(492)	(942)
				(100,567)			(79,320)
<b>Less fixed charge liability</b>							
AFC				(6,200,262)			(6,200,262)
				(6,200,262)			(6,200,262)
<b>Deficit/surplus as regards fixed charge</b>				(5,579,826)			(5,558,579)
<b>Assets Not Specifically Pledged</b>							
Intangible Assets		40,000	0	40,000	40,000	0	40,000
Cash at Bank		722,092	0	722,092	722,092	0	722,092
Reallocation of non-funded book debts (GBP)	3	15,829	0	15,829	15,829	0	15,829
Prepayments & other receivables		9,444	0	9,444	9,444	0	9,444
Gross Bank interest		435	10	445	435	10	445
Other intercompany debts	7	0	9,515	9,515	0	9,515	9,515
				797,325			797,325
<b>Less: Estimated Payments</b>							
Agents'/Valuers Fees - Post-app		(9,000)	0	(9,000)	(9,000)	0	(9,000)
Legal Fees - Post-App	6	(4,056)	(4,424)	(8,480)	(4,056)	(4,424)	(8,480)
Agents'/Valuers' Fees - Pre-App		(11,000)	0	(11,000)	(11,000)	0	(11,000)
Legal Fees - Pre-App	6	(6,355)	0	(6,355)	(6,355)	0	(6,355)
Debt collection agents	4	(1,187)	0	(1,187)	(1,187)	0	(1,187)
Postage		(34)	(50)	(84)	(34)	(50)	(84)
Specific Bond		(510)	0	(510)	(510)	0	(510)
Statutory Advertising		(164)	(91)	(255)	(164)	(91)	(255)
PR Agency - Pre-App		(167)	0	(167)	(167)	0	(167)
PR Agency - Post-App		(204)	0	(204)	(204)	0	(204)
Translation Services		(100)	0	(100)	(100)	0	(100)
IT Fees		(902)	0	(902)	(902)	0	(902)
Joint Administrators' Remuneration - Post-App	5	(154,129)	(63,752)	(217,881)	(154,129)	(7)	(154,136)
Joint Administrators' Remuneration - Pre-App	5	(11,250)	0	(11,250)	(11,250)	0	(11,250)
Debt collection costs		(1,187)	0	(1,187)	(1,187)	0	(1,187)
Tax Advice		(1,500)	(4,000)	(5,500)	(1,500)	(4,000)	(5,500)
Contingency/Misc		0	(10,000)	(10,000)	0	(10,000)	(10,000)
				(284,060)			(220,315)
<b>Total Funds available to Preferential Creditors</b>				513,265			577,010
<b>Less: Preferential Creditors</b>							
Employees Accrued Holiday		0	0	0	0	0	0
Unpaid pension contributions		0	0	0	0	0	0
				0			0
<b>Net Property</b>				513,265			577,010
<b>Less: Prescribed Part</b>				(105,653)			(118,402)
Less sum due to AFC under floating charge				(5,579,826)			(5,558,579)
Deficiency as regards floating charge				(5,172,214)			(5,099,971)
<b>Funds available to unsecured creditors</b>				105,653			118,402
<b>Unsecured Creditors</b>	8						
Trade & expense creditors				2,460,508			2,460,508
Non trade & expense creditors				94,786			94,786
Accruals				175,722			175,722
Foreign Taxes				1,992			1,992
Deposits				472,953			472,953
				3,205,961			3,205,961
<b>Shortfall to unsecured creditors</b>				(3,100,308)			(3,087,559)
<b>Estimated dividend to secured creditors (p in the £)</b>		£ 1,028,048.00		16.58	£ 1,100,291.53		17.75
<b>Estimated dividend to preferential creditors (p in the £)</b>		£ -		N/A	£ -		N/A
<b>Estimated dividend to unsecured creditors (p in the £)</b>		£ 105,652.93		3.30	£ 118,401.91		3.69

**Notes**

1. This includes sums paid into the blocked accounts post-appointment in respect of book debts which are also subject to AFC's fixed charge (as per Counsel's advice).
2. Sums recovered directly by Cerberus since 01/08/2020 and known final recoveries received outside of reporting period.
3. Reallocation of non-funded debtor received from 'cash at bank' sums received.
4. Cerberus charge of 7.5% of relevant collections.
5. Based on fee estimate agreed by creditors and proposed increased fee estimate as appropriate. Some of the work undertaken by the Joint Administrators prior to and after appointment related to fixed charge matters. As a result, and following approval of the fixed charge creditor, 10% of their pre-appointment fee has been apportioned to fixed charge costs and 25% of their post-appointment fees have been apportioned to fixed charge costs.
6. Apportionment of legal fees between fixed and floating charge realisations per agreement with AFC. Future legal fees relate to costs incurred but not yet invoiced in relation to the extension application. No further legal fees are expected to be incurred.
7. Estimated return from Administration of BTL. Excludes potential return from liquidation of BGL as this is currently unknown (and expected to be nominal in any event).
8. Per director's statement of affairs.

**APPENDIX 11**

**PROOF OF DEBT FORM**



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

**Proof of Debt – General Form**

**Name of Company in Liquidation:**

**Dawson Books Limited**

**Company Registration Number:**

**06882367**

**Date of Liquidation:**

**19 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

Amount (£)

Date

Admitted for dividend for

Amount (£)

Date

Martin C Armstrong FCCA FABRP FIPA MBA FNARA  
JOINT ADMINISTRATOR

Martin C Armstrong FCCA FABRP FIPA MBA FNARA  
JOINT ADMINISTRATOR

Notes:

1. 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.

2. If you wish any dividend to be paid by way of bank transfer rather than by cheque, please provide the following information:

Bank Name:

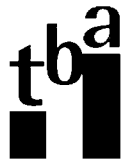
Account Name:

Sort Code:

Account Number:

## **APPENDIX 13**

### **PRACTICE FEE RECOVERY POLICY**



**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.