

The Insolvency Act 1986

Administrator's progress report

Name of Company

First Stop Legal Services Limited t/as GT Law

Company number

07019375

In the

High Court of Justice, Chancery Division
(full name of court)

Court case number

6437 of 2015

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Andrew Hosking
Quantuma LLP
Vernon House
23 Sicilian Avenue
London
WC1A 2QSSimon James Bonney
Quantuma LLP
Vernon House
23 Sicilian Avenue
London
WC1A 2QS

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

From

To

(b) Insert date

(b) 1 October 2016

(b) 31 March 2017

Signed


Joint / Administrator(s)

Dated

12/05/2017

Contact Details:You do not have to give any contact
information in the box opposite but ifThe contact information that you give
will be visible to searchers of the
public recordAndrew Hosking
Quantuma LLP
Vernon House
23 Sicilian Avenue
London
WC1A 2QSWhen you have completed and signed this form, please send it to the
Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Co

TUESDAY

A18 16/05/2017 #208
COMPANIES HOUSE

First Stop Legal Services Ltd t/as GT Law

(In Administration)

("the Company")

High Court of Justice, Chancery Division Court No. 6437 of 2015

THE JOINT ADMINISTRATORS' PROGRESS REPORT FOR THE PERIOD 1 OCTOBER 2016 TO 31 MARCH 2017

26 April 2017

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Andrew Hosking and Simon James Bonney of Quantuma LLP, First Floor, Vernon House, 23 Sicilian Avenue, London, WC1A 2QS, were appointed Joint Administrators of First Stop Legal Services Ltd t/as GT Law on 09 October 2015.

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

Andrew Hosking and Simon James Bonney are both licensed to act as insolvency practitioners by the Insolvency Practitioners Association.

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"the Act"	Insolvency Act 1986
"the Rules"	Insolvency (England and Wales) Rules 2016
"the Joint Administrators"	Andrew Hosking and Simon James Bonney of Quantuma LLP
"the Company"	First Stop Legal Services Ltd t/as GT Law (in Administration)
"the Court"	High Court of Justice, Chancery Division
"EOS"	Estimated Outcome Statement
"SIP"	Statement of Insolvency Practice (England & Wales)
"Review Period"	Period covered by the report from 1 October 2016 to 31 March 2017

INTRODUCTION

This report has been prepared to provide creditors with an update on the progress of the Administration of the Company since our last report to creditors dated 30 September 2016.

Given the information previously provided to creditors in our earlier reports to creditors, we have not included detailed background information in respect of the Company and have focussed on progress of the Administration subsequent to those reports.

The Joint Administrators' proposals were deemed approved. A formal notice confirming this was sent to all creditors on 22 December 2015.

An extension to the period of Administration of 12 months was granted by the relevant creditors and thus the Administration is now scheduled to end on 30 September 2017.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

Details of the appointment of the Joint Administrators

Andrew Hosking and Simon James Bonney of Quantuma LLP were appointed Joint Administrators of the Company on 09 October 2015.

The Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either one or both of them.

PROGRESS OF THE ADMINISTRATION

As previously reported the Company's live client files were transferred immediately prior to the appointment of Administrators on 09 October 2015.

It was not possible for Administrators to trade a regulated legal practice given that the Administrators are not regulated by the Law Society and do not hold practicing certificates. The SRA would therefore not sanction the ongoing trading of a legal practice within Administration and as a result, the assignment of the live client files represented the optimum method to achieve the objective of the Administration and to maximise returns to creditors.

The three acquiring firms were IC Law Solicitors, Pilkington Shaw Solicitors and Neumans LLP. The terms of the assignments were slightly varied between the three acquiring firms but the main basis of the assignments is for a set fee to be paid to the Company by the acquiring firm on each assigned case that is successfully settled, together with any recovered pre-paid disbursements. Full details of specific terms of the sale agreements were referred to in the Administrators' Proposals.

The Company was also involved in two large group actions, 'Sonae' and 'Mau Mau'. Both of these group actions were assigned to IC Law Solicitors and the Company will receive a pre-defined percentage of any recoveries resulting from the success of these group actions, although it is not possible to quantify the potential recoveries from these group actions which are likely to continue running for some considerable time.

The Administrators appointed a Solicitor Manager, Samantha Palmer of Ashfords LLP to oversee the handover of files to the purchasing entities and to satisfy regulatory requirements, with these costs being met from the administration estate in relation to the orderly migration of the client account.

The Joint Administrators' receipts and payments account

Attached at Appendix 2 is a receipts and payments account for the Review Period.

An EOS as at 31 March 2017 is attached at Appendix 3.

The rest of this report describes the key developments in the Administration over the Review Period.

For a detailed list of work undertaken by the Joint Administrators during the Review Period, see Appendix 4.

We have also summarised the main asset realisations during the Review Period and an estimation of those assets yet to be realised, together with details of costs incurred but as yet remaining unpaid.

VAT Basis

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

Administrative, Statutory & Regulatory Tasks

The Joint Administrators have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Drafting and issuing the progress report to creditors;
- Considering whether an extension to the Administration is necessary and, if so, seeking approval for this via creditors and issuing notice of the outcome;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Joint Administrators that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments; and
- Completing periodic tax returns.

Realisation of assets

Debtors/WIP

The Administrators have recovered WIP from both the assigned client files and the Company's settled cases as per the various sale agreements. During the Review Period a total of £97,933.65 has been received into the Administration. A total of £725,981.97 has been received to date. Further recoveries are anticipated and there is no reason to suggest at this stage that the estimated realisable value of £950,000 per the directors' Statement of Affairs will not be achieved.

Fixtures and Fittings and Computer Equipment

The Company's office furniture and computer equipment was disposed of by agents, Winterhill Group (a Royal Institution of Chartered Surveyors regulated firm). The amount of £542 was realised from these items in the first reporting period.

The Company also owns a server which cannot yet be disposed of as it is running the Company's secure case archiving system and is therefore still required. The director considered that the server may be worth £4,000 on a re-sale basis and agents will be instructed to dispose of the item when it is no longer required.

Estimated future realisations

Debtors

The Administrators will continue to receive the costs due to the Company on client files that have been assigned at the point when each file settles. I am unable to estimate when this process will be completed as this is entirely dependent upon the length of time the acquiring law firms take to conclude proceedings on all of the assigned files; however, I do anticipate that the Administration will need to be extended beyond 30 September 2017.

Directors' Loan Account

The directors' Statement of Affairs ("SoA") states that the director, Gordon Tucker, is indebted to the Company in the amount of £264,000 in respect of his overdrawn directors' loan account ("DLA"). This figure was obtained from the Company's management accounting information; however, the DLA is not fully reconciled and therefore the debt owed to the Company could be higher than that stated in the SoA.

The director has advised that he does not currently have the means to repay any of this debt and has disclosed full details of his personal financial position, including executing a declaration that the contents are true. It is apparent that the director is not presently able to make any payments against his overdrawn DLA and the Administrators therefore do not intend to undertake any further reconciliation of the DLA as it would not be cost effective to do so at this time. The Administrators will, however, continue to monitor and review the position.

Payments

Included within the EOS at **Appendix 3** are costs incurred during the Review Period.

During the Review Period, the Joint Administrators have also incurred time costs and direct expenses, not all of which have yet been discharged. Further details of these costs are set out in this report.

CREDITORS: CLAIMS AND DISTRIBUTIONS

Secured creditors

The Company granted a fixed and floating charge to HTG Ventures Limited ("HTG") on 01 December 2010 which had a liability of £3,995,910 on the appointment of Administrators. The Joint Administrators' legal advisors, Mishcon de Reya LLP, confirmed the validity of the charge and a first interim distribution of £100,000 was paid to HTG under its floating charge on 28 September 2016.

It should be noted that whilst not in the review period a second interim distribution was paid to HTG under its floating charge on 25 April 2017.

It is not anticipated that the secured creditor will be paid in full, as detailed in the enclosed **Appendix 3**.

Preferential creditors

Preferential claims totalling £7,640 relating to unpaid wages and holiday pay have been paid in full.

Prescribed Part

Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors. This equates to:

- 50% of net property up to £10,000;

-
- Plus, 20% of net property in excess of £10,000.
 - Subject to a maximum of £600,000.

Based on present information, the Joint Administrators estimate that, after allowing for costs and payment of preferential claims, the value of the Company's net property will be £347,348, which means that the prescribed part is estimated to be £72,470. The Joint Administrators therefore anticipate that there will be funds for a dividend to unsecured creditors from the prescribed part, but the level of which will be dependent on final costs and future realisations.

Unsecured creditors

Unsecured claims were estimated at £519,502 in the Director's Estimated Statement of Affairs and to date claims received from unsecured creditors total £1,335,139.41. Some of the claims received to date are higher than the director estimated in his Statement of Affairs although it should be noted that claims have not yet been agreed.

A dividend to unsecured creditors from the prescribed part, as explained above, is expected. The quantum of any distribution will be dependent on realisations, the final costs of the Administration and the level of agreed claims. The EOS projects that the estimated dividend will be in the region of 6.47 pence in the £. Although significant time costs have been incurred in liaising with creditors' regarding claims submitted to date, this work has had a financial benefit for creditors as it has ensured that payments will only be made to parties who have a statutory right to a dividend.

Claims process

Due to the possible distribution to unsecured creditors, you are requested to submit claims to the address on the front of this report, marked for the attention of Lloyd.Hawkins@Quantuma.com.

A Proof of Debt form is attached at Appendix 5.

OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to The Insolvency Service on 06 April 2016.

Initial Assessment of Potential Recoveries

As part of our duties as Joint Administrators, we are obliged to review shortly after appointment all the information available to us and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

This review has been completed and we confirm that we did not identify any further assets or actions which would lead to a recovery for creditors.

Should creditors have any information in relation to the above which you feel we should be made aware of, please contact us as a matter of urgency.

EC Regulations

The Company's centre of main interest was in 25-27 Castle Street, Liverpool, L2 4TA and therefore it is considered that the EC Regulations will apply. These proceedings are main proceedings as defined in Article 3 of the EC Regulation.

Further Information

Creditors should note that the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. Additionally the Joint Administrators are also bound by the regulations of their Licensing Bodies.

To comply with the Provision of Services Regulations, some general information about Quantuma LLP, including our complaints policy and Professional Indemnity Insurance, can be found at <http://www.quantuma.com/legal-information/>.

Information about this insolvency process may be found on the R3 website at www.creditorinsolvencyguide.co.uk.

PRE-ADMINISTRATION COSTS

Included within the Joint Administrators' Proposals dated 03 December 2016 was a Statement of Pre-Administration Costs.

These costs were approved as detailed below:

Party instructed	Amount approved (£)	Date approved	Date paid
Quantuma LLP	£23,386	29 December 2015	30 December 2015
Michcons de Reya LLP Solicitors	£18,254	29 December 2015	08 February 2016
Administrators' pre-administration disbursements	£855.45	29 December 2015	30 December 2015
TOTAL APPROVED	£42,495.45		

THE JOINT ADMINISTRATORS' FEES AND EXPENSES

A copy of 'A Creditors Guide to Administrators' Fees' effective from 1 October 2015, together with the firm's current schedule of charge-out rates and chargeable disbursements, may be found at <http://www.quantuma.com/guide/creditors-guide-fees/>. A hard copy of both the Creditors' Guide and the firm's charge-out rate and disbursement policy may be obtained on request at no cost.

The Joint Administrators' Fees

The basis of the Joint Administrators' fees were fixed on 29 December 2015 by the secured and preferential creditors as follows:

1. The Joint Administrators shall be authorised to be remunerated by reference to time properly spent by themselves and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. It is estimated that time costs for undertaking all work in connection with the Administration will be £121,515 as confirmed in the Fee Estimate appended to the Proposals.

The basis of the Joint Administrators' fees were fixed further on 21 October 2016 by the secured creditor as follows:

1. The Joint Administrators shall be authorised to be remunerated by reference to time properly spent by themselves and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. It

is estimated that time costs for undertaking all work in connection with the Administration will be £168,415 as confirmed in the Fee Estimate appended.

In accordance with this resolution, fees totalling £50,915 plus VAT have been drawn in the Review Period and fees totalling £168,415 plus VAT have been drawn to date.

We believe this case generally to be of average complexity and no extraordinary responsibility has to date fallen upon us as Joint Administrators.

Comparison of estimates

The Joint Administrators' time costs incurred to date (whether or not they have been charged to the Administration estate) are compared with the original fees estimate as follows. The fee estimate covered the whole period of the Administration.

For a detailed list of work undertaken by the Joint Liquidators during the Review Period and for the period of the Administration as a whole, see Appendix 4.

225.00	207.50	46,687.50	43.20	305.69	13,206.00	202.90	339.39	68,862.00
285.00	207.50	59,137.50	18.90	194.15	3,669.50	251.30	189.48	47,616.00
35.00	207.50	7,262.50	179.50	175.06	31,422.50	218.00	176.51	38,479.00
185.00	207.50	38,387.50	4.40	194.55	856.00	96.30	241.10	23,217.50
0.00	0.00	0.00	0.00	0.00	0.00	30.40	187.14	5,689.00
80.00	192.50	15,400.00	24.80	129.07	3,201.00	91.80	128.86	11,829.00
8.00	192.50	1,540.00	0.00	0.00	0.00	0.00	0.00	0.00
818.00	205.89	168,415.00	270.80	193.33	52,355.00	890.70	219.71	195,692.50

The expenses incurred to date are compared with the original expenses estimate as follows:

80,000.00	9,195.40	123,829.52	Significant additional regulatory reporting required as a result of a number of claims for professional negligence being made against the Company. Also, the solicitor manager has assisted with the auditing of the acquiring firms relating to the assigned files.
2,540.00		2,360.00	

225.00		75.00	
212.00		212.00	
550.00		925.00	Further transfers from the Company's client account have been needed as funds have continued to be received by the Company
250.00		135.00	
5,658.00	952.79	2,345.66	
2,093.40	230.60	3,505.94	Further train and subsistence costs have been necessarily incurred in carrying out audits of the assigned files and meetings with the Solicitor Manager
75.00		347.95	Further mileage costs have been necessarily incurred in carrying out audits at the acquiring firms
		5,845.40	Required occupation of the Company's former main trading premises to facilitate an orderly shutdown of the business.
	12,000	38,035.10	It was essential to maintain the Company's I.T. service in the transitional period for the assignment of client files.
	9,675.00	65,125.00	These costs have been necessarily incurred by the Administrators, as detailed further below.
91,603.40	32,053.79	239,118.28	

The bases on which the expenses defined as Category 2 disbursements are calculated are explained in Quantuma LLP's current schedule of charge-out rates and chargeable disbursements referred to above. The secured charge-holder and preferential creditors approved the payment of Category 2 disbursements on these bases on 29 December 2015.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Joint Administrators consider that:

- the original fees estimate has been exceeded; and
- the original expenses estimate has been exceeded

The main reasons why the original fees estimate is likely to be exceeded is due to the reasons stated below:-

- Additional previously un-forecasted monitoring of the assigned files, including on-site visits and audits of the acquiring firms to ensure that the terms of the sale agreements are being strictly adhered to.

-
- Additional unforeseen work required in dealing with numerous regulatory issues that have arisen since the commencement of the Administration.
 - Significantly higher costs incurred in dealing with creditors' claims. This has arisen due to the nature of the business, dealing predominantly in high volume, low level personal injury claims, which has led to thousands of cases having disbursements on that are either unpaid or have slightly differing amounts paid than the original invoice.

Since I anticipate that my total time costs will exceed my adjusted fees estimate. I have sought and received authority from the secured charge-holder for an increase in my fees estimate. I have enclosed a revised fee estimate detailing the additional work that will be undertaken.

Subcontracted Work

I have sub-contracted some of the work I am required to undertake as Joint Administrator, as detailed below.

Due to his specialist knowledge of the Company's client account I instructed the Company's former accountant, Craig Parry, to assist the Solicitor Manager in overseeing the distribution of the client account monies. Due to the high volume nature of the Company's case portfolio the Company has continued to receive a large number of settlement cheques on a daily basis since the commencement of the Administration and these cheques have needed to be banked into the Company's client account and properly distributed. I considered this to be cost effective to the Administration and in the best interests of creditors that he assists in this process.

I also instructed Kay Johnson Gee accountants to complete the Company's payroll, including issuing P45's to the employees and completing the work required on the Company's pension scheme. The Administrators agreed a monthly fee with the Company's former I.T. provider to ensure continuity of service. The provider ran the Company's secure case archiving system and the system was required in this transitional period to ensure that the assigned files could be accessed. The I.T. provider has also assisted in running reports and printing off case files where clients have requested that their files be transferred to a new firm of solicitors.

I have also made payments to the Company's former senior case manager, Ms Emma Garner, in respect of her work on behalf of the Administrators to facilitate the transition of all the transferred client files, as well as assisting the Administrators in pursuing the costs due to the Company on cases remaining with the Administration. Due to the complexity and volume of the Company's case portfolio it has been imperative that the process has been properly managed in order that no deadlines / hearings / statutory limitation dates are missed and to ensure that the interests of all clients are protected.

The above costs have been paid in full and I only anticipate having to make further payments to the I.T. provider in respect of this work.

Information about this insolvency process may be found on the R3 website at www.creditorinsolvencyguide.co.uk. A copy of 'A Creditors Guide to Administrators' Fees' together with the firm's current schedule of charge-out rates and chargeable disbursements may be found at <http://www.quantuma.com/creditors-guide-to-fees.html>. A hard copy of both the Creditors' Guide and the firm's charge-out rate and disbursement policy may be obtained on request at no cost.

Creditors' rights to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

Creditors' rights to challenge fees and/or expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Joint Administrators are entitled to

charge or otherwise challenging some or all of the expenses incurred.

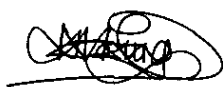
Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

Conclusion

The Administration will continue in order to finalise the outstanding matters.

Should you have any queries in regard to any of the above please do not hesitate to contact Lloyd Hawkins on 01273 322400 or by e-mail at Lloyd.Hawkins@Quantuma.com



Andrew Hosking
Joint Administrator

The affairs, business and property of First Stop Legal Services Ltd t/as GT Law (in Administration) are managed by the Joint Administrators, who act as agents of the Company and without personal liability.

Appendix 1**First Stop Legal Services Ltd t/as GT Law
(IN ADMINISTRATION)****STATUTORY INFORMATION**

Company Name	First Stop Legal Services Ltd t/as GT Law
Previous Names	GT Law Limited
Proceedings	In Administration
Court	High Court of Justice, Chancery Division
Court Reference	6437 of 2015
Date of Appointment	09 October 2015
Joint Administrators	Andrew Hosking Simon James Bonney Quantuma LLP Vernon House, 23 Sicilian Avenue, London, WC1A 2QS
Joint Administrators' functions	All functions, duties and powers may be exercised by either one or both of the Joint Administrators
Registered office address	c/o Quantuma LLP 3rd Floor, 37 Frederick Place, Brighton, BN1 4EA
Company Number	07019375
Incorporation Date	15 September 2009
Company Secretary	Gordon Tucker
Appointment by	Director
Directors at date of Appointment	Gordon Tucker
Directors' Shareholdings	Gordon Tucker – 100% Shareholding

Appendix 2

**First Stop Legal Services Ltd t/as GT Law
(IN ADMINISTRATION)**

**THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
AS AT 31 MARCH 2017**

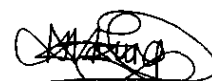
**First Stop Legal Services Ltd t/as GT Law
(In Administration)**

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 01/10/2016 To 31/03/2017 £	From 09/10/2015 To 31/03/2017 £
RECEIPTS			
Sales		540.00	540.00
Furniture & Equipment	1,000.00	0.00	541.67
Book Debts	950,000.00	97,933.65	725,021.97
Cash at Bank	1,444.00	0.00	1,334.00
Directors' Loan Account	Uncertain	0.00	0.00
Bank Interest Gross		184.27	514.51
Rates Refund		0.00	356.33
Utilities refund		0.00	792.61
Copying and Postage costs		0.00	50.00
		<u>98,657.92</u>	<u>729,151.09</u>
PAYMENTS			
Specific Bond		0.00	135.00
Administrators Pre-app fees		0.00	23,386.00
Administrators Pre-appt costs		0.00	855.45
Office Holders Fees		50,915.00	168,415.00
Office Holders Expenses		500.35	3,838.74
Client Case Disbursements		0.00	1,103.97
Agents/Valuers Fees		0.00	2,360.00
Legal Fees		9,195.40	123,829.52
Accountancy Fees		9,675.00	25,025.00
I.T. Services		12,000.00	36,035.10
Consultancy fees		0.00	40,100.00
Storage Costs		952.79	2,345.66
Re-Direction of Mail		0.00	390.00
Statutory Advertising		0.00	75.00
Rents Payable		0.00	5,845.40
Other Property Expenses		0.00	90.00
Insurance of Assets		0.00	212.00
Bank Charges		0.00	925.00
Secure Destruction of Records		0.00	1,458.00
Employee Arrears/Hol Pay	(10,000.00)	0.00	7,640.33
Floating chargeholder - HTG Ventures Ltd	(3,995,910.00)	0.00	100,000.00
Trade & Expense Creditors	(519,502.00)	0.00	0.00
Suspense Account		340.00	1,584.78
		<u>83,578.54</u>	<u>545,649.95</u>
Net Receipts/(Payments)		<u>15,079.38</u>	<u>183,501.14</u>

MADE UP AS FOLLOWS

Bank 1 Current	17,893.86	164,291.19
VAT Receivable / (Payable)	(2,814.48)	19,209.95
	<u>15,079.38</u>	<u>183,501.14</u>



Andrew Hosking
Joint Administrator

**First Stop Legal Services Ltd t/as GT Law
(IN ADMINISTRATION)**

**THE JOINT ADMINISTRATORS' ESTIMATED OUTCOME STATEMENT
AS AT 31 MARCH 2017**

FIRST STOP LEGAL SERVICES LIMITED T/A GT LAW - IN ADMINISTRATION

Estimated Outcome Statement as at 31 March 2017

	Per Statement of Affairs	Per Receipts & Payments Account	Anticipated future movement	Estimated Final Outcome
	£	£	£	£
ASSETS SPECIFICALLY PLEDGED	-	-	-	-
ASSETS NOT SPECIFICALLY PLEDGED				
Sales	-	540	-	540
Fixtures, Fittings & Computer Equipment	5,000	542	4,000	4,542
Book Debts	950,000	725,022	100,000	825,022
Cash at Bank	1,444	1,334	-	1,334
Rates Refund	-	356	-	356
Utilities Refund	-	793	-	793
Bank Interest Gross	-	515	300	815
Copying & Postage charges	-	50	-	50
Directors' Loan Account	uncertain	-	uncertain	uncertain
Estimated total assets	956,444	729,151	104,300	833,451
COSTS (excl. recoverable VAT)				
Valuation fees / selling costs		(2,360)	-	(2,360)
Client case disbursements		(1,104)	-	(1,104)
Insurance		(212)	-	(212)
Accountancy fees		(25,025)	-	(25,025)
Legal Fees		(123,830)	(2,000)	(125,830)
Administrators' Pre-Appointment Fees		(23,386)	-	(23,386)
Administrators' fees		(168,415)	(30,203)	(198,618)
Administrators' pre-appointment disbursements		(855)	-	(855)
Administrators' disbursements		(3,839)	-	(3,839)
Consultancy fees		(40,100)	-	(40,100)
Rent & Property Expenses		(5,935)	-	(5,935)
I.T. Services		(36,035)	(8,000)	(44,035)
Storage & Destruction of Records		(3,804)	(1,500)	(5,304)
Bank Charges		(925)	(50)	(975)
Statutory Advertising		(75)	(150)	(225)
Mail Re-direction		(390)	-	(390)
Office Holder's Bond		(135)	(135)	(270)
		(436,425)	(42,038)	(478,462)
Estimated total assets available to preferential creditors	956,444	292,726		354,989
LIABILITIES				
Preferential Creditors	(10,000)	(7,640)	-	(7,640)
Estimated Assets subject to Prescribed Part	946,444	285,086		347,348
Estimated Prescribed Part c/d	192,289	60,017		72,470
Estimated assets available for Floating Charge Creditors	754,155	225,069		274,879
Distribution paid to HTG Ventures Ltd		(100,000)	(174,879)	(274,879)
HTG Ventures Limited - charge dated 01 December 2010	(3,995,910)	(3,895,910)		(3,995,910)
Shortfall to Floating Charge Holder	-	(3,670,841)		(3,721,031)
Prescribed Part b/d	192,289	60,017		72,470
Estimated total assets available to unsecured creditors	(192,289)	60,017		72,470
Unsecured:				
HM Revenue & Customs	(190,984)	(190,984)	(100,000)	(290,984)
Trade and Expense Creditors	(328,518)	(328,518)	(500,000)	(828,518)
Employees - Redundancy / Notice pay	-	(16,465)	-	(16,465)
SURPLUS / (SHORTFALL)	426,942			(788,618)
SECURED CREDITOR RECOVERY (%)	19%			7%
PREFERENTIAL CREDITORS RECOVERY (%)	100%			100%
UNSECURED CREDITORS RECOVERY (%)	37.01%			6.47%

**First Stop Legal Services Ltd t/as GT Law
(IN ADMINISTRATION)**

**DETAILED LIST OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS DURING THE
REVIEW PERIOD**

Time Entry - Detailed SIP9 Time & Cost Summary

6000755 - First Stop Legal Services Ltd V/as GT Law
 From: 01/10/2016 To: 31/03/2017
 All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	6.20	0.10	10.30	0.00	16.60	4,935.50	297.32
103 IPS Case / File set up/ Filing	0.00	0.00	3.60	0.00	3.60	641.50	178.19
104 General Administration	10.20	1.10	5.40	0.10	16.80	6,231.00	370.89
105 Case strategy / Review	0.00	0.20	4.00	0.00	4.20	780.00	185.71
106 VAT & CT matters and returns	0.80	0.00	0.00	0.00	0.80	396.00	495.00
506 Tax / VAT	0.00	0.00	1.20	0.00	1.20	222.00	185.00
Admin & Planning	17.20	1.40	24.60	0.10	43.20	13,206.00	305.69
500 Cashiering	0.00	0.00	4.00	20.80	24.80	3,201.00	129.07
Cashiering	0.00	0.00	4.00	20.80	24.80	3,201.00	129.07
201 Creditors	0.00	0.70	3.20	0.00	3.90	634.00	162.56
203 Creditor correspondence / Call	2.40	1.50	8.90	0.00	12.80	2,628.50	205.35
204 Unsecured Creditors claims	0.00	0.00	0.20	0.00	0.20	37.00	185.00
210 Secured creditor reports / claims	0.00	0.00	0.10	0.00	0.10	16.50	165.00
211 Annual / Progress report	0.00	0.00	1.90	0.00	1.90	351.50	185.00
Creditors	2.40	2.20	14.30	0.00	18.90	3,669.50	194.15
300 Investigations	0.00	0.00	179.50	0.00	179.50	31,422.50	175.06
Investigations	0.00	0.00	179.50	0.00	179.50	31,422.50	175.06
400 Realisation of Assets	0.00	0.00	2.30	0.00	2.30	425.50	185.00
405 Debtors	0.30	0.00	1.80	0.00	2.10	430.50	205.00
Realisation of Assets	0.30	0.00	4.10	0.00	4.40	856.00	194.55
Total Hours	19.90	3.60	226.40	20.90	270.80	62,365.00	193.33
Total Fees Claimed						168,415.00	

PROOF OF DEBT FORM**First Stop Legal Services Limited t/a GT Law - In Administration**

Relevant date: 09 October 2015

Name of creditor (If a company please also give company registration number).	
Address for correspondence	
Tel No:	Ref: Contact:
Total amount of claim, as at date of Administration Order, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration, less any payments made after that date in respect of such claim, and any adjustment by way of set off.	DETAIL CLAIM: £
If the amount above includes outstanding uncapitalised interest please state amount.	£
Details of any documents by reference to which the debt can be substantiated.	
Particulars of how debt arose and date incurred (use space overleaf if necessary)	
Particulars of any security held, the value of the security, and the date it was given.	
Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
Signature of creditor or person authorised to act on his behalf: Name in BLOCK LETTERS:	
Position with or in relation to creditor:	
Address of person signing (if different from 2 above):	

PLEASE ATTACH ANY DOCUMENTARY EVIDENCE OF CLAIM (eg statements, invoices)

Admitted to vote for £	Admitted for dividend for £
Date	Date
Chairman / Administrator	Administrator

FIRST STOP LEGAL SERVICES LIMITED T/A GT LAW - IN ADMINISTRATION

FEE ESTIMATE COVERING WHOLE PERIOD OF ADMINISTRATION

The office holders are seeking to be remunerated on a time cost basis. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. In this document the estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for that category of work.

The sum of all the estimates for the different categories of work is the total estimated time costs to undertake the necessary work on the case over the period of the Administration. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for this period of the case's administration.

Note: This estimate has been provided to creditors at an early stage in the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in similar cases. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case.

The hourly charge out rates that will be used on the case are:

	£
Partner	475
Senior Manager	250
Assistant Manager	185
Administrator	150
Assistant Administrator	125
Case Accountant	125
Support Staff/Executive Assistant	95

Please note that the rates quoted above will be used for each category of work outlined in the estimate and will be subject to periodic increase.

ADMINISTRATION & PLANNING - Note 1

Description of the Work to be undertaken

Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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Administration & Planning
Initial Statutory and General Notifications & Filing e.g. Advertising the appointment, undertaking statutory notifications to Companies House, HMRC, the Pension Protection Fund, preparing the documentation and dealing with other notification of appointment
Obtaining a specific penalty bond.
Management of Operations / overseeing transition of live cases
Recovering & Scheduling the company's books and records.
Arranging secure disposal of confidential physical and I.T. records
Setting up electronic case files and electronic case details on IPS.
General Administration - Dealing with all routine correspondence and emails relating to the case.
Case strategy & completing file reviews at 1 month & every 6 months thereafter.
VAT & Corporation Tax matters and returns.

TOTAL

215.00 44612.50 207.5

CREDITORS - Note 2

Description of the Work to be undertaken	Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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Creditors			
Dealing with client queries and correspondence			
ERA - completing documentation for submission to the Redundancy Payments Office ("RPO") and liaising with the RPO regarding employee claims			
Employees - obtaining information from records about employee claims and dealing with employee correspondence/calls regarding their claims			
Preparing the documentation and dealing with initial appointment notification to creditors			
Dealing with creditor correspondence, emails and telephone conversations.			
Dealing with Pension Schemes			
Committee Reporting			
Committee Meetings, Minutes & liaising with Committee members			
Final Reports			
Payment of Dividends - calculating, paying a dividend to creditors & issuing the declaration notice.			
Notice of Intended Dividend - issuing a notice of intended dividend to creditors and advertising where appropriate			
Reviewing and adjudicating creditors' claims - adjudicating claims & requesting additional information in support of claims			
Dealing with HMRC/RPO claims			
Lease / Finance creditors			
Creditors' Meeting			
Secured Creditor Reports/Claims			
Annual/Progress Reports			
Initial Appointment Notification to Creditors - Preparing the documentation & sending out initial appointment notification to creditors			
Interim Fee Report to Creditors			
SIP 16 Disclosure			
Para 49 Administrators' Proposals			
Para 53 Report of Initial Meeting/Deemed Approval Documentation			

TOTAL

275.00 57062.50 207.5

INVESTIGATIONS - Note 3

Description of the Work to be undertaken	Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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Investigations			
SIP 2 Review - Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.			
CDDA Reports - Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act.			
Investigating & Pursuing Antecedent Transactions			

TOTAL

220.00 45850.00 207.5

REALISATION OF ASSETS - Note 4

Description of the Work to be undertaken	Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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Realisation of Assets
Leasehold Property
Fixtures and Fittings
Computer Equipment
Financed Assets
Debtors - collection of fees due to Company from settled cases
Sale of Business
Goodwill
Intellectual Property
Cash at Bank
Arranging & Monitoring Insurance

TOTAL	147.00	30502.50	207.5
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CASHIERING

Description of the Work to be undertaken	Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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Opening, maintaining and managing the Office Holders' cashbook and bank account.
Dealing with cheque requisitions
Dealing with deposit forms
Bank Reconciliations
Preparing & Filing statutory Receipts & Payments accounts

TOTAL	100.00	19250.00	192.50
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CLOSING PROCEDURES

Description of the Work to be undertaken	Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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Advertising the final meeting
Holding the final meetings & preparing minutes
Filing final statutory returns at Companies House/Court

TOTAL	8.00	1540.00	192.50
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OVERALL SUMMARY OF WORK CATEGORIES

Estimated total time to be taken to undertake the work (Hrs)	Estimated total value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
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ADMINISTRATION AND PLANNING

CREDITORS	215.00	44612.50	207.50
INVESTIGATIONS	275.00	57082.50	207.50
ASSET REALISATIONS	220.00	45650.00	207.50
CASHIERING	147.00	30502.50	207.50
CLOSING PROCEDURES	100.00	19250.00	192.50
	8.00	1540.00	192.50
OVERALL TOTAL	965.00	198617.50	205.82

The total value of the time costs to undertake the work will be subject to VAT at 20%.

Note 1: Administration and planning - This represents the work that is 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 ensures that the case is managed in a professional and methodical manner and 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.

Note 2: Creditors' Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). That work will include dealing with queries received from both the ex-employees and the RPO to facilitate the processing of the claims. The office holder is required to undertake this work as part of his statutory functions. Claims of creditors - the office holder needs 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 holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions. Dividends - the office holder has to undertake certain statutory formalities in order to enable him 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. The Company had thousands of P I cases and the office holder has had to deal with correspondence and queries received from clients and also third parties involved in client cases. All queries must be answered and dealt with to ensure that client's needs are met

Note 3: Investigations - The insolvency legislation gives the office holders powers to take recovery action in respect of what are known as antecedent transactions eg where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading. The office holders are required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holders will provide an estimate of that benefit if an increase in fees is necessary. The estimated time required to be spent to do so and the time costs of doing so are included in the estimate. The office holder is unable to quantify the benefit to creditors of these investigations at present but will include such information in their statutory report to creditors once the position is clear. The office holders are also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors. The work to enable them to comply with these statutory obligations may also identify potential recovery actions.

Note 4: Realisation of Assets - This is the work that needs to be undertaken to realise the known assets in the case. Due to the nature of the assignment transactions, the debtor recoveries are likely to be ongoing for a significant period of time. If this work is undertaken, the office holder anticipates that the assets will realise the estimated to realise amounts provided to creditors.