



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number	0	7	2	3	0	4	0	0
Company name in full	Ashley House (Capital Projects) Ltd							

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

2 Administrator's name

Full forename(s)	Julian
Surname	Pitts

3 Administrator's address

Building name/number	Fourth Floor
Street	Toronto Square
Post town	Toronto Street
County/Region	Leeds
Postcode	L S 1 2 H J
Country	

4 Administrator's name ①

Full forename(s)	Bob
Surname	Maxwell

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

5 Administrator's address ②

Building name/number	Fourth Floor
Street	Toronto Square
Post town	Toronto Street
County/Region	Leeds
Postcode	L S 1 2 H J
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	2	d	1	m	1	m	2	y	2	y	0	y	2	y	0
To date	d	2	d	0	m	0	m	6	y	2	y	0	y	2	y	1

7	Progress report											
<input checked="" type="checkbox"/> I attach a copy of the progress report												

8	Sign and date															
Administrator's signature	<div>Signature</div> <div>  </div>															
Signature date	d	1	d	4	m	0	m	7	y	2	y	0	y	2	y	1

**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 **William Baxter**

Company name **Begbies Traynor (Central) LLP**

Address **Fourth Floor**

Toronto Square

Post town **Toronto Street**

County/Region **Leeds**

Postcode **LS1 2HJ**

Country

DX

Telephone **0113 244 0044**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Julian Pitts and Bob Maxwell were appointed joint administrators on 21 December 2020

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Ashley House (Capital Projects) Ltd (In Administration)

Progress report of the joint administrators

Period: 21 December 2020 to 20 June 2021

Important Notice

This progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. 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 this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Ashley House (Capital Projects) Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 21 December 2020
"the administrators" "we" "our" and "us"	Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Ashley House (Capital Projects) Ltd
Trading name:	Ashley House (Capital Projects) Ltd
Date of Incorporation:	21 April 2010
Company registered number:	07230400
Company registered office:	Toronto Square, Toronto Street, Leeds, LS1 2HJ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators:	Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of administrators' appointment:	21 December 2020
Date of administrators' resignation:	N/A
Court:	High Court of Justice the Business and Property Courts in Leeds
Court Case Number:	000904-2020
Person making appointment:	Directors on behalf of the Company
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no extensions to the period of the administration.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 21 December 2020 to 20 June 2021.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

The details below relate to the work undertaken in the period of the report only.

General case administration and planning

We have maintained records to demonstrate how the case is being administered, and documented any decisions that materially affect the case and decisions that have been made. We have spent time populating and maintaining the electronic case files. This has included obtaining information from the Company's books and records required in order to administer the case, obtaining information from the directors and collating the relevant information provided.

We have completed internal checklists, case reviews and diary tasks in order to ensure the efficient progression of the case and that all administration tasks are being completed and to time.

We have reviewed the significant Company's books and records uplifted so that these could be catalogued and stored.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration.

Compliance with the Insolvency Act, Rules and best practice

We have a duty to comply with the Act, Rules and best practice. We have written to relevant parties such as the Registrar of Companies, HM Revenue & Customs and creditors following our appointment. We are also required to advertise our appointment in the London Gazette.

We have formulated our proposals and supporting documentation to provide creditors with a detailed explanation of the reasons for the failure of the Company, the progress made during the administration and the work which will be undertaken going forward in order to achieve the objective of the administration.

Our cashiers have spent time in reconciling the bank account and processing receipts and payments.

This work does not benefit creditors financially, but it is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

During the period, we have submitted an online conduct report in respect of the directors in accordance with our statutory duty. We have analysed the Company's bank statements and other information obtained in the Company's books and records.

We have sought information from third parties and the Company's previous advisors that will assist in our statutory obligations and assessments.

Time has been spent reviewing the Company's paper and electronic records, including decisions made by the directors and includes review of the Company's accounts.

Whilst it is uncertain whether the above work would benefit creditors financially, it is necessary in accordance with the Rules.

Realisation of assets

Hunmanby

Upon appointment we instructed agents to sell the land at Hunmanby and they are currently in correspondence with two interested parties who have shown their interest in purchasing the land and are currently incurring costs by undertaking surveys, etc. Our agents have been instructed to bring both interests to a conclusion as

soon as possible and then determine whether their advice would be to go down the auction route to achieve an early sale.

Sutton in Ashfield

Following appointment, we also instructed agents to provide us with marketing and sales advice in respect of this piece of land. The administrators, following advice from agents, placed the land into auction with a guide price of £25,000. The land subsequently sold for the sum of £91,620 (including a contribution to search costs). The sum realised was significantly higher than the guide price anticipated.

Book Debt

The book debt to be realised was in respect of historic amounts of rent outstanding from the Company's tenant at Capital House. The Company's tenant was not trading, as a consequence of the impact of the restrictions imposed due to the Covid-19 pandemic. The Company had also stopped paying the rent due in accordance with the terms of the headlease.

We entered correspondence with the landlord and its representatives to try and negotiate an informal surrender of the Company's lease, following advice that there was no value in it. The outcome of the negotiations was that it was agreed by all parties that the Company's interest in the lease would be surrendered and a surrender of the lease concluded on 9 April 2021. As part of the surrender, it was agreed by all parties that any claims and/or liabilities that had accrued and remained outstanding in respect of the lease would be concluded in full and final settlement.

In light of the above, the rent outstanding from the sub-tenant will not be collected by the administrators and the landlord will not claim in the administration as an unsecured creditor for the sum of £14,469 (outstanding rent) or for any other amounts that will have been accruing had the lease not been surrendered such as rent. The settlement also includes any dilapidations and compensatory claims that would otherwise be a claim in the administration or subsequent liquidation.

Dealing with all creditors' claims (including employees), correspondence and distributions

We have dealt with all creditor queries as and when they have arisen including receipt of correspondence and proof of debt forms together with supporting evidence.

An update report has been sent to the secured creditor including an estimated outcome statement and we have dealt with any follow-up queries. It has also been necessary to review the security granted by the Company, including guarantees and indemnities provided by the Company for debts due from other group companies, to identify the priority of order of distribution of any net realisations.

As detailed above, we have compromised the landlord's claim in the administration as a part of the surrender of the lease. The remaining creditors will benefit from this as there will be an increased percentage of dividend distribution to the unsecured creditors.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

We have completed a review of the Company's corporation tax returns and accounts to determine whether the Company would be entitled to corporation tax relief. As the group has carried tax losses forward of approximately £1.4m it has been concluded that there will be no relief.

We sought a decision of the creditors on the administrators' remuneration.

Whilst the above does not benefit creditors financially, it is necessary in accordance with the Rules, Act and best practice.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditors

It is not anticipated that the sale proceeds from the sale of the Hunmanby land will be sufficient to discharge the Company's indebtedness to Invescare Limited ("Invescare") in full. Invescare have a legal charge in its favour over the land at Hunmanby and a guarantee provided by the Company in respect of any debt due to Invescare from its parent company, Ashley House Plc.

It is not anticipated that Invescare will receive any distribution from the administration of Ashley House Plc although it is anticipated to receive a payment towards its indebtedness from the sale of the land owned by AH Scarborough Health Park Limited ("AHSHP") pursuant to its second ranking charge and a guarantee provided by AHSHP.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals.

To the best of the our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be sufficient funds available to enable a dividend to be paid to the unsecured creditors.

Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6. PRE-ADMINISTRATION COSTS

On 26 February 2021 the following amounts in respect of unpaid pre-administration costs were approved by decision of creditors sought via a Decision Procedure. We will continue to liaise with creditors in respect of the pre-administration costs incurred.

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	1,999.50	399.90	2,399.40
TOTAL PRE-ADMINISTRATION COSTS		1,999.50	399.90	2,399.40

7. REMUNERATION & EXPENSES

Our remuneration has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate. We will continue to liaise the creditors in relation to our remuneration.

We are also authorised to draw expenses for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 21 December 2020 to 20 June 2021 amount to £30,683 which represents 84 hours at an average rate of £364 per hour.

The following further information in relation to our time costs and expenses is set out at Appendix 2:

- ❑ Time Costs Analysis for the period 21 December 2020 to 20 June 2021
- ❑ Begbies Traynor (Central) LLP's charging policy

We have not drawn amounts on account of our remuneration, against total time costs of £30,683 incurred since the date of our appointment.

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

As can be seen from the information above, we are fairly close to the limit of our approved remuneration. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the approved level of remuneration is likely to be exceeded are as follows:

- ❑ Increased time has been spent in reviewing the Company's significant books and records as the records uplifted related to not only the Company but the group of companies and where high in volume. Further time than anticipated has been spent in relation to general case administration and planning and investigations;
- ❑ It has been necessary to spend time reviewing the Company's security in detail, including a guarantee provided by the Company to Invescare and the legal charge registered against the Company's land at Hunmanby. We have instructed solicitors to assist us with this review and analysis and time has been spent liaising with the solicitors;
- ❑ Time not anticipated has been spent in liaising with Invescare in relation to its security and the order of the distribution of the net proceeds of sale from the land at Hunmanby and Sutton in Ashfield. Due to the increase in the realisations from the sale of the land at Sutton in Ashfield, there will be a higher dividend distribution to the unsecured creditors of the Company and it is anticipated that in accordance with the legal charge and guarantee in place, Invescare will be paid first from the net sale proceeds of Hunmanby; and
- ❑ The administrators whilst dealing with the surrender of the Company's lease at Capital House have incurred time in comprising the landlord's claim in the administration to nil. This will enhance the dividend distribution to unsecured creditors that will take place in the liquidation.

We do not propose to seek creditors' approval of our further remuneration at this stage but will do so following all asset realisations having concluded.

Category 1 Expenses

To 20 June 2021, we have also incurred expenses in the sum of £226.

Category 2 Expenses

Details of the Category 2 expenses incurred during the period of this report are as follows:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Eddisons Commercial Limited which is a member of the Begbies Traynor group, sold the freehold land in Sutton in Ashfield via auction. The purpose of obtaining such services was to ensure a quick and efficient sale of the land. The sale price has significantly exceeded the guide price.	1,000.00
Eddisons Commercial Limited which is a member of the Begbies Traynor group, have been instructed to provide valuations, marketing and sale advice in respect of the Company's freehold land. They have also been instructed to deal with the marketing and sale process. The purpose of obtaining such services was in consideration of Eddisons' knowledge and experience in the market and extensive database and to ensure a prompt and efficient service.	4,000.00
Eddisons Insurance Services Limited ("EIS"), which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets.	5,250.00
TOTAL	10,250.00

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the administration would total £15,469. Unfortunately, we consider that, in addition to those already incurred, the expenses which we are likely to incur to the conclusion of the case will exceed our original estimate. The reasons why the estimate is likely to be exceeded are as follows:

- ❑ We have incurred auction fees not anticipated at the outset of the administration; and
- ❑ Legal fees incurred are higher than anticipated as we have required further legal advice on the surrender of the Company's interest in the lease at Capital House, legal advice has been required in respect of the security registered against the Company and the guarantee provided by the Company to Invescare for debts outstanding from the Company's parent company, Ashley House plc.

9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

As detailed in the directors' statement of affairs, the assets of the Company consisted of land in Sutton in Ashfield and Hunmanby. At this stage in the administration, we have the following assets left to realise:

- ❑ The land at Hunmanby

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

We will continue to review and update the strategy dependent upon the outcome of the realisations and the work required to be carried out in pursuing the debts outstanding. We will continue to maintain records to demonstrate how the case is being administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This will include compliance reviews, internal checklist updates, periodic case reviews and maintaining case files.

Whilst this work will not benefit creditors financially, it is necessary to ensure efficient progress of the case and is required in accordance with best practice.

Compliance with the Insolvency Act, Rules and best practice

The joint administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the administration, they assist in the efficient and compliant progression of the administration.

The joint administrators will draft and issue interim progress reports on a six monthly basis to provide an update to creditors on the progression of the administration. These documents are required to be filed at the Registrar of Companies and sent to the creditors.

In addition, a final progress report will have to be produced once the administration has reached its conclusion. This will provide creditors with an overview of the administration, including all realisations, costs and the final outcome for creditors.

Realisation of assets

We will continue to liaise with our appointed agents in order to complete the market and sale process at Hunmanby whether through private sale or auction. As advised above, we are currently liaising with several interested parties who are currently carrying out initial due diligence and certain searches.

Dealing with all creditors' claims (including employees), correspondence and distributions

We will continue to deal with creditors' queries as and when received. This will include continuing to liaise with Invescare in relation to the sale of the land at Hunmanby and providing regular updates.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

We will submit VAT and tax returns to HM Revenue & Customs as we are required to do so.

Whilst the above work will not benefit creditors financially, it is necessary in accordance with statutory obligations and best practice.

How much will this further work cost?

As can be seen above, there are additional/unforeseen elements of work which were not envisaged at the onset of my appointment, and which needed to be carried out in order to complete my duties. The cost of the additional/unforeseen work is estimated to be £6,832, (as well as the remaining fee estimate anticipated of £3,443) which is in addition to the original remuneration approval we have received. As previously advised, we will need to seek creditor approval for the fair and reasonable increase in our remuneration. We do not anticipate that we will need to approach creditors for a further increase following this request, unless circumstances greatly change again.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the revised estimate of anticipated expenses attached at Appendix 3.

What is the anticipated payment for administering the case in full?

We estimated that the cost of administering the case would be in the region of £34,127, and subsequently you have provided approval for us to draw our remuneration up to that level. At this stage in the administration, I can estimate that total remuneration drawn will be in the region of £34,127 subject to further fee approval (we will correspond with creditors separately in this regard).

10. OTHER RELEVANT INFORMATION

Proposed exit route from administration

We anticipate that there will be a distribution to the unsecured creditors of the Company and consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we will exit administration via creditors' voluntary liquidation.

Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

We will report again at the conclusion of the administration.



J N R Pitts
Joint Administrator

Dated: 14 July 2021

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 21 December 2020 to 20 June 2021

S of A £		£	£
	ASSET REALISATIONS		
20,000.00	Freehold Land - Hunmanby	NIL	
20,000.00	Freehold Land - Sutton in Ashfield	91,000.00	
	Contribution to search fees	620.20	
7,895.00	Book Debts	NIL	
1,883.00	Cash at Bank	NIL	
	Bank Interest Gross	0.57	
			91,620.77
	COST OF REALISATIONS		
	Agents/Valuers Fees (1)	1,000.00	
	Legal Fees (1)	8,885.50	
	Legal Disbursements	528.15	
	Statutory Advertising	94.50	
			(10,508.15)
	UNSECURED CREDITORS		
(195,739.83)	Trade Creditors	NIL	
			NIL
	DISTRIBUTIONS		
(1.00)	Ordinary Shareholders	NIL	
			NIL
(145,962.83)			81,112.62
	REPRESENTED BY		
	Vat Receivable		2,095.37
	Bank 1 Current		79,017.25
			81,112.62

COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy; and
- b. Time Costs Analysis for the period from 21 December 2020 to 20 June 2021.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 disbursements (approval not required) - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 disbursements (approval required) - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a Category 1 disbursement) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by an entity within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of Eddisons Commercial Limited to provide valuation and disposal strategy advice in relation to the Company's assets. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Eddisons Commercial Limited estimate that their charges for providing the valuation services and dealing with marketing and the sale of the assets will be between £2,000 and £3,000.

The charges for dealing with the marketing and sale of the assets will be determined by the disposal strategy.

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £750 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 disbursement:

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour)
	1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

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THE ADMINISTRATORS' ESTIMATE OF THE INCREASED FEES THAT THEY WILL INCUR

Further to the information set out in the report, the Administrators anticipate that in addition to their fees estimate dated 26 February 2021 in the sum of £34,127 the following further fees will be incurred to conclusion of the administration. Please note that blended hourly rates have been used (as they were for the original estimate) which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column. Details of the hourly rates that will be charged for each level of staff working on the case form part of this appendix.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	11.5	3,140.00	273.04
Compliance with the Insolvency Act, Rules and best practice			
Investigations			
Realisation of assets	5.00	2,107.50	421.50
Trading			
Dealing with all creditors' claims (including employees), correspondence and distributions	4.00	1,585.00	396.25
Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decisions procedures, tax, litigation, pensions and travel			
Total hours	20.5		
Total time costs		6,832.50	
Overall average hourly rate £			333.29

Further to the information set out in the report, the joint administrators are not seeking an increase to their previously approved remuneration at this time. The increase is based on the additional/unforeseen work, the costs of dealing with were not known at the time that the original remuneration basis was sought.

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Legal fees	Addleshaw Goddard Solicitors	8,885.50	8,885.50	Nil
Legal disbursements	Addleshaw Goddard Solicitors	528.15	528.15	Nil
Statutory advertising	Courts Advertising Ltd	94.50	94.50	Nil
Bond	Marsh Limited	208.00	Nil	208.00
Land Registry fees	Land Registry	18.00	Nil	18.00
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Agent's fees paid to Eddisons	Eddisons Commercial Limited t/a Pugh	1,000.00	1,000.00	Nil
Agent's fees paid to Eddisons	Eddisons Commercial Limited	2,000.00	Nil	2,500.00
Insurance premium paid to Eddisons	Eddisons Insurance Services	4,500.00	Nil	4,500.00

ADDITIONAL EXPENSES ANTICIPATED FOR FUTURE WORK

Expenses anticipated to be incurred prior to closure of the case	Name of party with whom expense anticipated to be incurred	Amount estimated to cost £
Agent's fees	Eddisons Commercial Limited	2,000.00
Insurance premium	Eddisons Insurance Services	750.00
Legal Fees	Addleshaw Goddard Solicitors	4,000.00