

AM03

Notice of administrator's proposals



Companies House

For further information, please
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www.gov.uk/companieshouse

1 Company details

Company number 07561747

Company name in full Law Direct Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Stephen

Surname Katz

3 Administrator's address

Building name/number c/o Begbies Traynor (London) LLP

Street 31st Floor

40 Bank Street

Post town

County/Region London

Postcode E14 5NR

Country

4 Administrator's name ①

Full forename(s) Paul

Surname Cooper

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number c/o Begbies Traynor (London) LLP

Street 31st Floor

40 Bank Street

Post town

County/Region London

Postcode E14 5NR

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

7

Qualifying report and administrator's statement ^①



I attach a copy of the qualifying report



I attach a statement of disposal

^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature



Signature date

d

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9

m

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m

8

y

2

y

0

y

2

y

3

AM03

Notice of Administrator's Proposals



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	Robert Cook
Company name	Begbies Traynor (London) LLP
Address	31st Floor 40 Bank Street
Post town	London
County/Region	
Postcode	E 1 4 5 N R
Country	
DX	
Telephone	020 7400 7900



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 and dated 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

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.

Law Direct Limited Trading As: Blackstone Law Solicitors & Advocates, Ellison & Co, Strain Keville, Geoffrey Bryant & Co, Brinley Morris Rees & Jones, Redfern & Co Beverly Davies Penny, Volks Hedleys, Kirk & Partners, Davies Ingram Harvey, Davies Phillips & Partners, Griffith Smith Conway, and Dakers (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Law Direct Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 20 June 2023
"the administrators", "we", "our", "us"	Stephen Katz of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR and Paul Cooper of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR
"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 Act

2. STATUTORY INFORMATION

Name of Company	Law Direct Limited	
Date of Incorporation:	11 March 2011	
Company registered number:	07561747	
Company registered office:	C/o Begbies Traynor, 31st Floor, 40 Bank Street, London, E14 5NR	
Former registered office:	Third Floor White House, 111 New Street, Birmingham, West Midlands, B2 4EU	
Principal business activities:	Solicitors firms	
Directors and details of shares held in the Company (if any):	Name	Shareholding
	Zaheer Afzal	1 Ordinary Share
	John Irvine Burrowes	N/A
Accountants:	BSS & Co (Accountancy Services) Ltd, 75 Aston Road, Shifnal, Shropshire, TF11 8DU	
Share capital:	1 Ordinary Share	
Shareholder:	Zaheer Afzal	
Moratorium under Part A1 of the Act:	No such moratorium has been in force for the Company at any time within the period of two years ending with the day on which it entered administration.	

Trading Names:	Trading Addresses:	SRA Registration:
Law Direct	Third Floor, White House, 111 New Street, Birmingham, B2 4EU	557789
Blackstone Law Solicitors & Advocates	Dunbar House, Sheepscar Court, Meanwood Road, Leeds LS7 2BB	*uncertain
Ellison & Co	13 Kings Road, Canton, Cardiff, CF11 9BZ, Wales	49334
Strain Keville	294 Gray's Inn Road, London, London, WC1X 8DX, England	560466
Geoffrey Bryant & Co	54 High Street, Eton, Windsor, Berkshire, SL4 6BL	629592
Brinley Morris Rees & Jones	3 John Street, Llanelli, Carmarthenshire, SA15 1UN, Wales	67402
Redfern & Co	Third Floor, White House, 111 New Street, Birmingham, B2 4EU	44055
Beverly Davies Penny	43 Brunswick St, Cardiff, CF5 1LJ, Wales	*uncertain
Volks Hedleys	19-21 North End Road, North End Road, London, W14 8ST	30288
Kirk & Partners	25-27 Passey Place, Eltham, London, SE9 5DF	515554
Davies Ingram Harvey	7 Christina St, Swansea, SA1 4EW	525362
Davies Phillips & Partners	7 Christina St, Swansea, SA1 4EW	525362

Griffith Smith Conway	154a Church Road, Hove, East Sussex, BN3 2DL	63484
Dakers	45 Ladies Mile Road, Brighton, BN1 8TA	598193

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	20 June 2023
Date of resignation:	N/A
Court:	High Court of Justice (the appointment was made following an application to court being made by the director)
Court Case Number:	003209 of 2023
Person(s) making appointment / application:	Zaheer Afzal and John Irvine Burrowes, Third Floor White House, 111 New Street, Birmingham, West Midlands, B2 4EU ("the Directors")
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.
Type of Proceedings:	The proceedings will be COMI proceedings, as defined by the Insolvency (England and Wales) Rules 2016 (as amended)

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.

- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company operated as a law firm and had several subsidiary law practices which traded under the umbrella of Law Direct Ltd. There were 12 law firms which were either 1890 Partnerships or Limited Liability Partnerships, from across the UK, with each operating as a distinct brand. The firms were as follows:

- Law Direct Ltd
- Blackstone Law Solicitors & Advocates
- Ellison & Co
- Strain Keville
- Geoffrey Bryant & Co
- Brinley Morris Rees & Jones
- Redfern & Co Beverly Davies Penny
- Volks Hedleys
- Kirk & Partners
- Davies Ingram Harvey
- Davies Phillips & Partners
- Griffith Smith Conway
- Dakers

During the two years leading up to the appointment of Administrators, the Company experienced financial difficulties. The Company made several acquisitions during this period with most of these acquisitions being on the basis of a nominal payment with a split of future revenues generated between the Company and the acquired practice or its owners.

However, following the Company's acquisitions, it seems a number of the firms acquired did not fully comply with the directors and declined/refused to account for turnover and funds, contrary to what had been agreed. This resulted in various integration issues and difficulties when trying to manage the variety of systems used by each of the firms within the network. This all resulted in the Company experiencing cashflow difficulties.

Many of the partners of the acquired firms were dissatisfied with the overall structure of the group and the cashflow difficulties, resulting in it being unlikely that the PI insurances, many of which were due for renewal, would be paid.

Given the above, the directors of the Company concluded that it was necessary to engage an Insolvency Practitioner and an initial meeting was held in Bicester, with Stephen Katz, on 3 May 2023, following which, Begbies Traynor were engaged to assist the Board with a potential Administration on 15 May 2023.

Our initial assessment showed that the Company was clearly insolvent but there was a significant lack of accurate information and disclosure from a number of practices operating within the network. This made a review of the Company's affairs difficult. The Company has liabilities estimated to be in excess of £2.5million, which includes the Director who is owed approximately £200k in respect of personal monies introduced to try and support the failing business.

It was apparent that a pre-packaged administration, where requisite marketing, bidding, negotiation and contract preparation is undertaken prior to the Company entering Administration, would ensure that the firms'

could seamlessly transfer to a new owner without each of the firms' cases being materially affected by an insolvency process.

At the same time the firm began a process of engagement with the Solicitors Regulation Authority ("SRA") to advise them of the impending insolvency and to allow them to monitor the ongoing activities to ensure that client interests were being suitably protected. The SRA attended at the various offices but were also hindered in obtaining accurate information on client numbers and the finances of the business. Numerous meetings were held with the SRA to keep them apprised of the Company's position and the progress of the work being done to try and find a purchaser for as much of the business as possible.

Antony Berg MNAVA of Williams & Partners Ltd ("WAPL") was accordingly instructed to advise on and undertake an appropriate accelerated marketing exercise pursuant to the requirements and marketing principles set out within Statement of Insolvency Practice 16, with a view to generating interest in the Company's business and assets from potential purchasers and ultimately achieve a pre-packaged sale of the Company's business and assets, to be completed upon the Company's entry into Administration.

The marketing process, which was undertaken prior to a sale being agreed, is documented within the SIP16 Report at Appendix 4.

An offer was accepted from Alexander and Partners ("the Purchaser") on 20 June 2023. The Purchaser's advisors had previously been involved with acquiring some of the various law firms under the Law Direct banner and had specific knowledge of the business and its various firms. The initial offer made by the Purchaser was to acquire the entire business as a successor firm and TUPE over all of the employees with an initial payment of £10,000 in respect of each business on account for the firm's WIP acquired with a total realisation of 31% of recovered WIP. The final offer from the Purchaser was amended to only include the conveyancing files (including post-completion files at no cost), the entire of the Law Direct in Birmingham which specialised in Personal Injury, which includes a TUPE transfer of all that office's employees, on a successor firm basis, responsibility for the archived files of all firms under the Law Direct banner and responsibility of the Wills bank and Deeds held by all of the firms. Additionally, the offer included the acquisition of the assets of the Birmingham branch and a novation of the finance agreements for the remaining vehicles (subject to agreement with the various finance companies).

Myerson Solicitors ("MS") was instructed to provide appropriate legal advice on the sale and to prepare all requisite sale documentation, including a formal Asset Purchase Agreement ("APA"). Correspondence between MS and the Purchaser's representatives was ongoing and the final form documents were eventually agreed by both sides on 20 June 2023.

Following completion of the sale, on our appointment, the Investigation and Supervision team at the SRA undertook an intervention on the parts of the business not disposed of and have had and will continue to have an active role in the Administration, dealing with all clients that are not included in the APA.

A board meeting was held on 16 June 2023, at which it was resolved that the Company should be placed into Administration. On 17 June 2023 a Notice of Winding-Up Petition was published on Caseboard. Accordingly, following engagement with the petitioning creditor, an application was made to the Court on short notice for the Order of Appointment of Administrators. This was filed with the Court on the morning of 20 June 2023 and Stephen Katz and Paul Cooper were appointed as Joint Administrators at this time. The appointment was made by the Directors pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration is registered in the High Court of Justice, Business and Property Courts under reference number CR-2023-003209.

Shortly after the appointment, on the morning of 20 June 2023 the pre-packaged sale of the Company's assets to the Purchaser was completed.

5. STATEMENT OF AFFAIRS

The Directors have not yet prepared a Statement of Affairs of the Company as at 20 June 2023. The Joint Administrators requested this on 23 June 2023.

Despite not yet being provided with a Statement of Affairs, please see attached at Appendix 2 a schedule of potential creditors, which are required to be provided.

I also enclose an Estimated Outcome Statement for your information at Appendix 5.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 20 June 2023 to 9 August 2023.

Receipts

Proceeds of Sale

As detailed extensively in the attached SIP 16 report, certain of the Company's assets were sold to the Purchaser and certain other assets were realised by WAPL. The sum of £122,006.28 has been received during the period in this regard which represents the £17,500 received on completion of the sale plus the £104,506.28 net received, as detailed in the SIP16 report.

Cash at Bank

Funds held in the Company's bank accounts at the time of our appointment were subsequently transferred to the designated Administration estate account, totalling £4,500. This represents funds which are due to be paid to the pension provider, having been deducted from payroll. We are engaged with the SRA with regards to whether these funds should be retained and if so then should they be applied to the pension.

Client Account Monies (SRA)

The sum of £18,745.62 was paid into our account by the director in respect of which it then transpired that they were client funds, which the Administrators will release, in due course, to the relevant parties. We are engaged with the SRA regarding the holding of client monies and where they are to be transferred to, in due course.

Payments

Petitioners Costs

Prior to the appointment of Administrators, a creditor filed a petition at court, to wind up the Company. Subsequently, the petition was dismissed by Order of the Court, which included that the costs of the petition be paid to the petitioning creditor. The petition costs were settled by the Administration estate, which resulted in a payment of £1,800 to Occasio Legal Limited.

Legal Fees

MS was instructed to provide appropriate legal advice and assistance in relation to the application to Court for the administration order. Specialist counsel was also retained to advise on the application and to appear before

the court as required. The costs of the application were ordered to be paid as an expense of the administration and totalled £22,443. Details of the time incurred by MS totalling £16,155 have been provided and counsels fees were £6,000 plus sundry disbursements and court fees of £288.

MS have a specialist insolvency team and have the requisite knowledge and expertise to act in this matter.

Statutory Advertising

The sum of £109.08 plus VAT has been paid to Courts Advertising in respect of a notice being published in the London Gazette.

Work undertaken by the Administrators and their staff

This is a complex Administration, with several law firms acting independently, despite being under one legal umbrella. Additionally, as mentioned above, it has been necessary to maintain ongoing correspondence and regular meetings with the SRA and accordingly significant time has been spent by Partner and Manager level staff in evaluation the affairs of the Company and the immediate matters that required attending to.

We have also been in ongoing correspondence with a number of licensing bodies regarding the sensitive nature of this Administration and dealing with a number of queries in relation to the future of each of the law firms' cases from their respective clients.

Details of the work undertaken can be summarised under the following headings:

General case administration and planning

Generally, it is necessary to maintain records to demonstrate how the case has been administered and to ensure reasons for decisions that materially affect the case are adequately documented. Meetings with the case manager and team have accordingly been held regularly to assess case status and ensure adherence to these requirements. Standard case reviews will also be conducted and documented periodically. The following work has also been undertaken:

- Opening a designated bank account and dealing with the movement of funds;
- Completing various searches at Companies House to obtain statutory information on the Company;
- Submitting a VAT 769 notifying HM Revenue & Customs that the Company
- Dealing with ongoing queries of the Company's directors in respect of various matters;
- General accounting, banking and cashiering including the processing of payments, maintenance of estate cash book postings and carrying out regular bank account reconciliations;
- Seeking information from the Company's directors regarding the extent of the Company's physical and electronic records, the whereabouts of these records and how they are stored, and making further enquiries;

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

Included in the work undertaken during the period under this heading is the following:

- Filing notice of the appointment of administrators with the Registrar of Companies;
- Serving notice of the appointment on the Company;
- Applying for the Joint Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005;

- Writing to all known creditors as soon as reasonably practicable following appointment to provide notice of the appointment;
- Preparation of the SIP16 statement and sending to all known creditors within 7 days of the pre-packaged sale completing;
- Publishing the necessary statutory advertisement in respect of the administration proceedings in the London Gazette;
- Preparation of the Joint Administrators' statutory Report and Statement of Proposals for the administration;
- Updating case checklists and statutory diaries where necessary;
- Ongoing consideration of ethical practice codes;

This work does not provide a direct financial benefit to creditors, however, this is required in accordance with relevant insolvency legislation and best practice guidelines.

Investigations

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure.

In accordance with the Company Directors Disqualification Act 1986 we will also submit a report on the conduct of the directors of the Company to the Department for Business, Energy & Industrial Strategy (BEIS) within three months of the date of our appointment.

Pursuant to Statement of Insolvency Practice 2, we are required to make an initial assessment as to whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate.

As in all Administrations, we will be conducting an investigation into the transactions entered into by the Company during the relevant pre-administration period in order to ascertain whether claims should be brought against any parties that may give rise to additional recoveries for the estate, either in respect of challengeable antecedent transactions, including preferential payments, or any other misconduct.

Any financial benefit to creditors in carrying out the above work is unclear at present, however, creditors will receive updates on these matters in our future progress reports.

The joint administrators have identified that the shares in Sussex law Limited were transferred from the Company to the directors prior to the insolvency but at a time when the Company was clearly insolvent. Additionally, it would appear that a substantial volume of cases were also transferred to Sussex Law Limited prior to our appointment. Our enquiries into this matter are at an early stage and at this stage we are not making any further comment in order not to prejudice any necessary enquiries into these transactions.

Engagement with the SRA

The Joint Administrators continue to engage with the SRA and their interventions team from lawyers; Shakespeare Martineau. The SRA have the ability to claim the intervention costs back from the Company in Administration under the Solicitors Act in priority to all other claims and discussions remain ongoing with the SRA costs recovery team about this and how costs are to be apportioned between the parties. This matter remains under review.

Realisation of assets – Pre-Packaged Sale of Assets:

As referred to above and in the attached SIP16 statement, which is attached at Appendix 4, shortly after our appointment as Joint Administrators on 20 June 2023, we completed a part sale of the Company's business

and assets to the Purchaser. To the knowledge of the Joint Administrators, there is no connection between the Company and its associate's and the Purchaser and its Associates.

Full details of the transaction are documented in the SIP16 Report and a breakdown of the sale and payment terms is repeated as follows:

The initial sum of £17,500 plus VAT was received upon completion of the sale and is broken down as follows:

<u>Categories of Assets</u>	<u>Initial sum realised £</u>
Goodwill relating to trading names	1
Sellers records	1
Business Intellectual Property Rights	1
Transferring Property	1
Work-in-Progress	17,493
Client Files	1
GB Shares	1
Sussex Claim	1
TOTAL	17,500

As noted above as a consequence of the sale process and the release by the buyer of certain files it was possible for WP to realise the gross sum of £163,022.26 from certain client files. From these sums the director approved the payment of the following which were paid on 16 June 2023:

- Payment of the agents' fees in relation to the realisations and marketing and sale of the business in the sum of £30,362.78, inclusive of VAT;
- Payment of BSS Accountants (the director's brother) for advice and assistance in the 4-week period leading up to the insolvency in the sum of £10,800, inclusive of VAT;
- Payment of part of this firms pre appointment costs in the sum of £17,353.20, inclusive of VAT.

The net balance held of £104,506.28 has been remitted to the Administration account as part of the sale process.

As well as the obligations undertaken, the consideration consisted of the following:

- Payment of the sum of £10,000 in relation to the Birmingham office;
- Payment of the sum of £300 plus VAT in relation to each conveyancing file successfully transferred and completed. An initial payment on account was received in the sum of £7,500 plus VAT representing an indicative number of files thought to be available to transfer of 300 files relating to this;
- A future revenue of 31% of WIP on client files successfully transferred and billed;
- As detailed more fully below WIP was released from these arrangements such that it could be realised by our agents.

The sale to the Purchaser also included transferring to them the responsibility for the archived files and the Wills bank and Deeds, which removed a significant intervention issue for the SRA and which resolved one of their key concerns.

The Purchaser has recently acquired a number of distressed firms and has the experience and capacity to acquire the live conveyancing files whilst de-risking the possibility that property conveyances will stall at completion or mortgage offers be lost, which was of significant importance when considering their offer.

The Purchaser is an authorised firm and, therefore, subject to the SRA's Regulations in respect of onboarding clients and providing them with a choice to move their file elsewhere, without delay, even where such files may be subject to a solicitors lien; a key concern of the SRA.

No other offer provided for such a comprehensive outcome and despite not all live files being acquired, the offer minimises the intervention requirements of the SRA which has given tacit approval to the scope of the offer.

Following our appointment, the Joint Administrators and their staff, have been in extensive correspondence and numerous meetings with the SRA in relation to their intervention on the law practices excluded from the sale to the purchaser. In addition to this, we have also been liaising with both the purchaser and the SRA in relation to the transfer of client files, to ensure that the transition post sale was as effective as possible, so as to minimise any impact on the Company's clients.

The Joint Administrators and WP continue to engage in ongoing correspondence with the Purchaser, in order to analysis and ascertain what client files remained within the Company's control prior to the Administration, that would be transferred to the Purchaser as part of the APA, and also provide further recoveries to the Administration estate.

In view of the complex and specialist nature of this assignment in dealing with SRA regulated entities, it has requested a high level of involvement from the Joint Administrator.

We have also had to deal with the Company's vehicles, which are subject to finance.

It is currently uncertain if the aforementioned work will result in a financial benefit for creditors, however all work carried out is considered necessary for the administration and progression of the case. Creditors will be notified of all our actions in the progress and/or final reports issued.

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

Employees:

Upon completion of the sale, which was conducted shortly after our appointment, 27 employees were made redundant and three were transferred to the Purchaser pursuant to the Transfer of Undertakings (Protection of Employment) ("TUPE") Regulations 2006.

Our team promptly prepared and issued letters to the employees to confirm their redundancy and advised the next steps, which employees should take in order to submit their claims. We have dealt with ongoing queries from the employees and have now filed the requisite documentation with the Redundancy Payments Service, so that they may process the employees' claims.

Trade and Expense Creditors:

Ongoing work has been required in lodging and acknowledging receipt of claims lodged in the estate and responding to the general queries and request for further information from both creditors and clients received via phone, email and post on a daily basis.

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

- Preparing documentation circulated with this report to convene decisions of the Company's creditors in order to seek approval of certain costs and expenses and fix the basis of the Joint Administrators' remuneration on a time cost basis;
- Seeking information from the Company's officers on the company pension scheme and any contributions deducted from salaries that were not passed on to the scheme;

Pre-packaged sale of the business and assets

A copy of our SIP 16 Statement that was attached to our letter notifying creditors of our appointment dated 27 June 2023 is attached at Appendix 4.

During the first week of the administration it was necessary to prioritise dealing with various post-sale and general practicalities and set out in detail earlier in this section, including the review of the cases that were being transferred to the Purchaser, and those not being transferred to the Purchaser, being passed to the SRA, who will handle all the Company's cases which were not part of the sale agreement. Additionally, time has been spent handling employee queries regarding their redundancy and queries from those subject to the TUPE transfer to the Purchaser, securing control of banking functions and dealing with all other practical tasks associated with achieving a smooth transfer of this trading business. As such it was not possible to circulate these proposals at the same time as the letter notifying creditors and providing the SIP16 Report.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment are estimated based on the information provided by the Company prior to our appointment, and also following a review of various information obtained post appointment, which is summarised as follows:

Secured creditors

There are no known secured creditors.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay are estimated at £31,000.

Secondary preferential creditors

Further to the changes to the Finance Act 2020, HM Revenue & Customs ("HMRC") are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

The secondary preferential claim of HMRC is estimated to be £390,184.28.

Unsecured creditors

Claims of unsecured creditors were estimated at £1,616,892.89. Thus far, claims have been received from seven unsecured creditors, totalling £924,182.17.

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

Secured creditor

There are no known secured creditors.

Preferential creditors

We consider that there will be sufficient funds for a dividend to be paid to preferential creditors, however, the quantum and timing of the dividend is, at this time, uncertain.

Secondary preferential creditors

Based upon realisations to date and estimated future realisations, it is currently uncertain whether there will be sufficient funds available to enable a dividend to be paid to HMRC as secondary preferential creditor. Further updates will be provided to creditors in our next progress report.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The prescribed part of the *Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000 (£800,000 in respect of charges created after 6 April 2020)

An administrator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply 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 insufficient 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 explained in our initial correspondence confirming our appointment as administrators, 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.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole. In this instance it is currently anticipated that the Company will have sufficient assets to enable a distribution to the preferential creditors and consequently it is envisaged that the objective will be achieved upon the making of a distribution to them.

Details of proposals

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's assets, conduct a full investigation into the Company and its affairs, and to continue to oversee the movement of client files from the Company to either the Purchaser or the SRA. The principal matters to deal with in this respect are:

- ❑ To continue efforts to secure realisations from the Company's remaining assets;
- ❑ Monitor and receive the regular reports from the Purchaser, which will include details of fees generated and the status of cases;
- ❑ Conduct an investigation into the Company's pre-administration activities and transactions, and if necessary to bring any claims identified that may result in additional recoveries for the benefit for the estate;

Following these events we propose to finalise a distribution to the preferential creditors.

It is also proposed that:

- ❑ The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the administration ceases to have effect;
- ❑ A creditors' committee may be formed if a creditors' meeting resolves to do so provided that three or more creditors are willing to serve on it. If a committee is formed, the Administrators will consult with it from time to time on the conduct of the administration proceedings. Where it is considered appropriate, the committee's sanction will be sought to proposed actions instead of convening a meeting of all the creditors;
- ❑ Should a creditors' committee be formed and the Joint Administrators consider that an extension beyond an administration's statutory duration of one year would be advantageous, the Joint Administrators will consult with the committee prior to taking the necessary steps. If a creditors' committee is not appointed, the Joint Administrators shall either apply to the court or seek a Decision of the appropriate classes of creditors for the consent to an extension;
- ❑ That the basis of the Joint Administrators' fees will be fixed and their Category 2 disbursements will be agreed by the creditors' committee. If no creditors committee is formed, it is proposed that under

Rule 18.16 (2)(b) of the Rules, the remuneration of the Joint Administrators shall be fixed by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration and that the Joint Administrators be authorised to draw category 2 disbursements in accordance with their firm's published tariff and they be entitled to draw sums on account of their remuneration and disbursements as and when funds permit;

- ❑ The Joint Administrators take whatever other actions they deem appropriate in the interest of creditors;
- ❑ Without prejudice to the provisions of Paragraphs 59 to 72 of Schedule B1 of the Act, the Joint Administrators may carry out all other acts that they consider to be incidental to the proposals above to assist in their achievement of the overriding purpose of the administration;
- ❑ The Joint Administrators' liability, in respect of any action of theirs as Joint Administrators, shall be discharged in accordance with Paragraph 98 of Schedule B1, immediately upon the appointment ceasing to have effect.

The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the administration ceases to have effect;

Exit from Administration

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, once the abovementioned distribution to preferential creditors has been made, and 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 propose to deliver a notice of moving from Administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as Administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an Administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

9. PRE-ADMINISTRATION COSTS

Appendix 3 provides details of the work "The Work" that we have carried out, the associated costs and our proposed remuneration. The Work was carried out pursuant to an agreement made between us and the directors, Zaheer Afzal and John Burrowes entered into on 16 May 2023 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration as it was determined that a pre-packaged sale would achieve the best outcome for the Company's creditors for the reasons set out within the SIP16 Report. Therefore, we consider that the Work has furthered the achievement of the objective of the administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors.

In the period before the Company entered Administration, we carried out work consisting of the following:

- Holding an initial meeting with the Company's directors to discuss the Company's financial position and subsequent meetings throughout June 2023;
- Requesting and reviewing various company records and detailed financial information in order to gain an understanding of the Company's current position;
- Considering the different insolvency options available to the Company and engaging in regular email and telephone correspondence with the directors throughout June 2023;

- Reviewing the minutes of the board meetings detailing the considerations of the directors in the run up to a potential insolvency appointment.
- Instructing WAPL to advise on and undertake an appropriate accelerated marketing exercise pursuant to the requirements and marketing principles set out within SIP16 with a view to generating interest from potential purchasers for a pre-packaged administration sale;
- Seeking preliminary legal advice on various matters relevant to the proposed sale, including employment advice on TUPE implications, and on matters pertaining to the transfer of client files to any potential purchaser
- Instructing solicitors Myerson Solicitors ("MS") to act in respect of the pre-packaged sale in order that the requisite sale documentation be drawn up and engaging in ongoing correspondence pertaining to the documentation;
- Ongoing liaison with MS in order to establish appropriate sale terms;
- Reviewing numerous draft documents required for the proposed sale, including the APA;
- Ongoing engagement with the SRA;
- Internal discussions with proposed case staff in order to formulate an appropriate strategy;
- Preparation of the requisite administration appointment documentation.

Agents Fees and Disbursements

WAPL were instructed to prepare a valuation report on the Company's assets and to assist with the marketing and sale thereof. The work undertaken by WAPL in this regard included the following:

- Preparing a detailed valuation report on the Company's assets;
- Preparation of marketing materials to comprise a sales teaser and information memorandum;
- Dealing with all initial enquiries from interested parties;
- Providing further information to interested parties as required;
- Reporting to the proposed administrators on the offers received;
- Preparing a formal letter of recommendation;
- Advising on appropriate apportionment of the sale consideration;
- Liaising with the proposed administrators and instructed solicitors up to completion of contracts.

Legal Fees and Disbursements

- Initial meetings and calls with the proposed Administrators to discuss the instruction and requirements;
- Reviewing relevant documentation regarding the Company's assets and the active/non-active client files;
- Drafting the formal APA;
- Providing legal advice on various issues pertaining to the sale;
- Engaging in ongoing discussions with the Purchaser regarding contractual terms, reviewing proposed amendments in order to provide responses, and processing relevant amendments where required.

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor (London) LLP	57,934.50	11,586.90	69,521.40
Legal Fees (including disbursements) for the administration application	Myerson Solicitors LLP	22,443	4,432.60	26,875.60
Legal fees in relation to the pre-packaged sale of the business	Myerson Solicitors LLP	34,688	6,937.60	41,625.60
Agents/Valuers Fees	Williams & Partners Limited	25,302.46	5,060.46	30,362.92
TOTAL PRE-ADMINISTRATION COSTS		140,367.96	28,017.56	168,385.52

Of the pre-administration costs, the sum of £32,353.20 inclusive of VAT was paid to Begbies Traynor in relation to our fees for the Work by the Directors. There are therefore unpaid pre-administration costs ("the unpaid pre-administration costs"), broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor (London) LLP	30,973.50	6,194.70	37,168.20
Legal Fees incurred in relation to the preparation of the sale documentation.	Myerson Solicitors LLP	34,688	6,937.60	41,625.60
TOTAL UNPAID PRE-ADMINISTRATION COSTS		65,661.50	13,132.30	78,793.80

It should be noted that MS' fee in relation to preparation of the sale documentation is subject to further discussion, which may result in a lesser amount ultimately being paid.

We are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking decisions of preferential creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. We have also provided an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND EXPENSES

Remuneration

We have not at this time drawn any funds on account of our post-appointment remuneration, nor on account of certain expenses as approval has not previously been sought. Best practice guidance provides that payments to an office holder should be fair and reasonable and reflect the work that has been, and will be, properly carried out. The following proposal represents what we believe is a fair and reasonable fee basis, based on the work which has been carried out to date and the work which is yet to be undertaken.

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules 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 (London) LLP for attending to matters as set out in the fees estimate at Appendix 3.

We consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for the preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules. There are no known relationships which would give rise to a conflict of interest in this case.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 20 June 2023.

Expenses

We propose that expenses for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These expenses will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

Expenditure incurred to date

Expenses incurred but unpaid at thus far are as follows:

Expense:	Name of recipient:	Amount (£):
Specific Bond	Specialist Risk Insurance Solutions Limited	214.11
Searches	Veriphy Ltd	31.50
Postage	PostWorks Limited	133.00
	TOTAL:	378.61

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

Deemed delivery

These proposals will be deemed to have been delivered on 11 August 2023.

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.

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 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 any 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 presently consider that neither of the objectives specified in paragraph 3(1)(a) and (b) of Schedule B1 to the Act can be achieved.

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 11 August 2023. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



Stephen Katz
Joint Administrator

Date: 9 August 2023

ACCOUNT OF RECEIPTS AND PAYMENTS

20 June 2023 to 9 August 2023

Law Direct Limited (In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 20/06/2023 To 09/09/2023 £
ASSET REALISATIONS	
Cash at Bank	4,500.00
Client Account Monies (SRA)	18,745.62
Proceeds of Sale	122,006.38
	<hr/> 145,252.00
COST OF REALISATIONS	
Legal Fees (1)	22,443.00
Petitioners Costs	1,800.00
Statutory Advertising	109.08
	<hr/> (24,352.08)
	<hr/> 120,899.92
REPRESENTED BY	
Designated Client Account	18,745.62
Floating Current Account	101,199.88
Vat Payable	(3,500.00)
Vat Receivable	4,454.42
	<hr/> 120,899.92
	<hr/>

Schedule of Company Creditors

Law Direct Limited
Company Registered Number: 07561747
B - Company Creditors

Key	Name	Address	£
CA00	Absolute Personnel Recruitment limited	Shrewsbury Business Park, Ashwood House, The professional Quarter, Shrewsbury, Shropshire, SY2 6LG	480.00
CA01	Access UK	Armstrong Building Oakwood Drive, Loughborough University Science & Enterprise Park, Loughborough, LE11 3QF	270.84
CA02	Allstar Business Solutions Limited	PO BOX 1463 Canberra House, Lydiard Fields, Great Western Way, Swindon, SN5 6PS	1,298.15
CA03	Alph4 Limited	The Quadrant, 99 Parkway Avenue, Sheffield, South Yorkshire, S9 4WG	9,138.47
CA04	Amazon Payments UK Limited	1 Principal Place, Worship Street, London, EC2A 2FA	1,591.48
CA05	AML Reporting Ltd	Suite 68, Pure Office Ltd Brooks Drive, Cheadle Royal Business Park, Cheadle, SK8 3TD	216.00
CA06	APALC	Carpenter Court 1 Maple Road, Bramhall, Stockport, Cheshire, SK7 2DH	2,853.00
CA07	Azof Creatives Ltd	60 Milton Street, Maidstone, Kent, ME16 8LD	36.00
CA08	Assocaited Telecom Limited	Pemberton House, Stafford Park 1, Telford, TF3 3BD	1,151.46
CB00	Birmingham City Council	Council House, Victoria Square, Birmingham, B1 1BB	17,304.12
CB01	BMS Funding Limited	Stanmore House 64-68, Blackburn Street, Manchester, M26 2JS	7,367.11
CB02	Bodycare Clinics	Q6 Quorum Business Park, Benton Lane, Newcastle Upon Tyne, NE12 8BT	56,267.50
CB03	Bodycare Clinics Limited	Q6 Quorum Business Park, Benton Lane, Newcastle Upon Tyne, NE12 8BT	62,574.00
CB04	BSS & Co	75 Aston Road, Shifnal, Shropshire, TF11 8DU	53,880.00
CB05	BT Group Plc	1 Braham Street, London, E1 8EE	110.88
CB07	Bristow & Sutor	Bartleet Road, Washford, Redditch, Worcestershire, B98 0FL	324.00
CC00	Call Brian.com Limited	Grosvenor House Hollinswood Road, Cental Park, Telford, TF2 9TW	3,566.32
CC01	Callitech Limited trading as Moneypenny	Moneypenny, Westen Gateway, Wrexham, LL13 7ZB	724.16
CC02	CARDEN IT SERVICES LTD	Suite 2 Castle House, Sea View Way, Brighton, East Sussex, BN2 6NT	816.00
CC03	Cashroom Limited	Suite B, West Lancashire Investment Centre, Maple View, Skelmersdale, WN8 9TG	3,238.08
CC04	Chartwell Medical Limited	Ground Floor The Annexe, 3 Harman Close, London, NW2 2EA	1,080.00
CC05	CILEX	College House, Manor Drive, Kempston, Bedford, MK42 7AB	367.00
CC06	Claimpoint Limited	Grosvenor House Hollinswood Road, Cental Park, Telford, TF2 9TW	160,454.00
CC07	Clares Office Supplies Limited	Unit D1 Voyager Park, Portfield Road, Portsmouth, Hampshire, PO3 5FN	122.11
CC08	Collards	5 - 9 Eden Street, Kingston Upon Thames, Surrey, KT1 1BQ	1,890.00
CC09	Cordus Law Limited	8 Flemming Court, Whistler Drive, Castleford, West Yorkshire, WF10 5HW	737.86
CC0A	Cox Mahon Limited	40 St James's Place, London, SW1A 1NS	9,757.81

Law Direct Limited
Company Registered Number: 07561747
B - Company Creditors

Key	Name	Address	£
CC0B	CTS group holdings limited	7450 Daresbury Park, Daresbury, Warrington, Cheshire, WA4 4BS	90.00
CC0C	CRCS Legal Ltd	86-90 Paul St, London, EC2A 4NE	5,094.05
CD00	Deans Court Chambers	101 Walker Street, Preston, PR1 2RR	180.00
CD01	Divine Shine Limited	73 Downland Avenue, Southwick, Brighton, BN42 4RX	108.00
CD02	Doctor Chambers	Crown House, William Street, Windsor, SL4 1AT	1,512.00
CE00	Enterprise Prospects Ltd	Verity House, 113 Wenlock Road, Shrewsbury, Shropshire, SY2 6JX	6,000.00
CE01	EDF	90 Whitfield Street, London, W1T 4EZ	1,040.62
CF00	Fulmer Services	Unit 2 - Nassau Business Park, Bahama Road, Haydock, WA11 9FW	1,040.62
CG00	Geoffrey Bryant & Co Limited	White house, Third Floor, Birmingham, B2 4EU	3,480.00
CG01	GunnerCooke LLP	1 Cornhill, London, EC3V 3ND	16,800.00
CG02	Group Legal Services	Adecco Group UK & Ireland, 10 Bishops Square, London, E1 6EG	9,918.32
CG03	Global Payments (GPUK LLP)	Granite House, Granite Way, Syston, Leicester, LE7 1PL	144.80
CH00	Handelsbanken PLC	3 Thomas More Square, London, E1W 1WY	1,500.00
CH01	Hortons' Estate Limited	Latham House, 4th Floor, 33-34 Paradise Street, Birmingham, B1 2AJ	9,716.48
CI00	Integra Medical Reporting Limited	47-49 Park Royal Road, Premier Business Centre, Park Royal, London, NW10 7LQ	216.00
CJ00	Jardine Cars Limited	C/O Porsche Centre Colchester Auto Way, Ipswich Road, Colchester, Essex, CO4 9HA	70,268.12
CJ01	JR Property Law LTD	15 Old Coach Road, Kelsall, Tarporley, CW6 0QL	1,280.00
CL00	Lex Autolease Limited	25 Gresham Street, London, EC2V 7HN	2,728.16
CL01	Lexsure Ltd	5th Floor 14-16 Downgate Hill, London, EC4R 2SU	156.60
CL02	Lily Communications Ltd	Connecte House, Unit A Millshaw Business Living, Global Avenue, Leeds, LS11 8PR	17,315.28
CM00	Manta9 Ltd	34 Sovereign Court The Strand, Brighton Marina Village, Brighton, BN2 5SH	180.00
CM01	Marie Venables		855.00
CM02	Microsoft Ireland Operations Ltd	70 Sir John Rogerson's Quay, Dublin, D02 R296	439.16
CM03	Millbourn Ross Ltd	St John's House, St john's Street, Chichester, West Sussex, PO19 1UU	12,600.00
CM04	Mobile Doctors Limited	4 The Courtyard, Calvin Street, Bolton, BL1 8PB	432.00
CO00	Ocrex Limited t/a AutoEntry	11-12 Warrington Place, Dublin, Ireland	73.82
CO01	OPUS energy limited	Drax Power Station, Selby, North Yorkshire, YO8 8PH	175.51
CO02	Oyez Professional Services Limited	The Mailbox Level 3, 101 Wharfside Street, Birmingham, B1 1RF	1,753.52
CP00	PC Stop	Zahad Amin, 7 Kingsland, Wellington, Telford, TF1 2LB	6,700.00

Law Direct Limited
Company Registered Number: 07561747
B - Company Creditors

Key	Name	Address	£
CP01	Pitney Bowes Limited	5 Churchill Place, 10th Floor, London, E14 5HU	288.00
CP02	Platinum Medical Solutions Limited	Kings Court Business Centre, 17 School Road, Hall Green, Birmingham, B28 8JG	216.00
CP03	Premex	Premex House, Futura Park, Middlebrook, Bolton, BL6 6SX	3,354.00
CP04	Premier Medical Group Ltd	Premier House, Eco Business Park, Ludlow, SY8 1ES	1,164.00
CP06	International General Insurance Company (UK)	C/o Summit Law LLP, 44 Southampton Buildings, London, WC2A 1AP	890,087.51
CQ00	Quill Pinpoint Ltd	Castle Quay, Manchester, M15 4NJ	74,370.30
CR00	R A Cowens & Partners Ltd	Inbro House, Commercial Gate, Mansfield, Notts, NG18 1EU	1,290.02
CR01	Rapid Medical Services (UK) Ltd	6 Bendall Mews, London, NW1 6SN	648.00
CS00	Same Day Dispatch	Crown House, Old Gloucester Street, London, WC1N 3AX	144.00
CS01	Scottish Power	320 St. Vincent Street, Glasgow, G2 5AD	1,622.43
CS02	Search flow limited	5-7 Abbey Court Eagle Way, Sowton Industrial Estate, Exeter, Devon, EX2 7HY	8.40
CS03	Sellick Partnership Limited	Queens Court, 24 Queen Street, Manchester, M2 5HX	2,160.00
CS04	Sharp Business Systems UK PLC	Northern House, Moor Knoll Lane, East Ardsley, Wakefield, WF3 2EE	61.68
CS05	Shore-Up Consultancy Limited	9 Church Street, Wednesfield, Wolverhampton, WV11 1SR	6,500.00
CS06	SK Medical Practice Ltd	Hanover Buildings, 11-13 Hanover Street, Liverpool, Merseyside, L1 3DN	6,141.00
CS07	Solicitors Own Software Limited (SOS)	Orion Gate 1st Floor, Guildford Road, Woking, GU22 7NJ	519.01
			720.00
CS09	St Philips Barristers	55 Temple Row, Birmingham, B2 5LS	180.00
CS0A	Strain Keville LLP	294 Grays Inn Rd, London, WC1X 8DX	4,166.66
CS0B	Susan Conway	c/o Griffith Smith Conway, 154a Church Road, Hove, East Sussex, BN3 2DL	9,000.00
CS0E	SSE Energy Solutions	No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH	4,784.75
CS0F	SmartCredit Limited	Mayfield House, Lower Railway Road, Ilkley, LA29 8FL	2,036.40
CT01	Telefonica UK limited	260 Bath Road, Slough, Berkshire, SL1 4DX	15.72
CT02	Ten-percent.co.uk	27 Old Gloucester Street, London, WC1N 3AX	1,389.96
CT03	The Council for Licensed Conveyancers	WeWork, 131 Finsbury Pavement, London, EC2A 1NT	800.00
CT04	The Law Society	113 Chancery Lane, LONDON, WC2A 1PL	199.00
CT05	Tony Sullman	Suite 1.01 Grosvenor House, Telford, Shropshire, TF2 9TW	210.81

Law Direct Limited
Company Registered Number: 07561747
B - Company Creditors

Key	Name	Address	£
CU00	Ultimate Finance Ltd	First Floor, Equinox North Great Park Road, Bradley Stoke, Bristol, BS32 4QL	6,120.00
CV00	Volvo Car Financial Services UK Ltd	Scandinavia House, Norreys Drive, Maidenhead, Berkshire, SL6 4FL	7,055.14
CW00	White Oak	2nd Floor, 58 Nicholas Street, Chester, CH1 2NP	5,700.00
CW01	Wisp IT Limited	E-Innovation Centre, Priorslee, Telford, TF2 9FT	6,292.80
CX00	Xero (UK) Limited	5th Floor, 100 Avebury Boulevard, Milton Keynes, MK9 1FH	56.63
CX01	Xpede Medical Ltd	Impact Hub Kings Cross, 34b York Way, London, N1 9AB	216.00
CZ00	Zaheer Afzal	Third Floor White House, 111 New Street, Birmingham, B2 4EU	839.46
92 Entries Totalling			1,616,892.89

REMUNERATION AND EXPENSES

Total time spent to 9 August 2023 on this assignment amounts to 220 hours at an average composite rate of £398.59 per hour resulting in total time costs to 9 August 2023 of £87,730.

To assist creditors in determining this matter, the following further information appears in this appendix:

- ☐ Begbies Traynor (London) LLP's charging policy
- ☐ Pre-administration work, costs and proposed remuneration with Pre-Administration Time Costs Analysis is attached.
- ☐ Summary of work to be undertaken, payments and expenses
- ☐ Table of time spent and charge-out value
- ☐ The Administrators' fees estimate
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This policy 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 creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fees estimate creditors can see how we propose to be remunerated.

This policy 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. Best practice guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of 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 their 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 in 6 minute units 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

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- Category 1 expenses (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 expenses (approval required) - Items of expenditure that are directly related to the case and either:
 - (i) 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; or
 - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and 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 £150 per meeting;

- Car mileage which is charged at the rate of 45 pence per mile.

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 London Canary Wharf office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 – 9 July 2023
Consultant/Partner	690
Director	580
Senior Manager	500
Manager	475
Assistant Manager	385
Senior Administrator	340
Administrator	260
Trainee Administrator	190
Support	175

Grade of staff	Charge-out rate range (£ per hour) 10 July 2023 until further notice
Appointment taker/partner	670-815
Managers/directors	525-640
Other professional	285-425
Junior professional/support	210

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

As detailed above, time is recorded in 6 minute units.

DETAILS OF THE WORK CARRIED OUT PRE ADMINISTRATION, THE ASSOCIATED COSTS AND THE PROPOSED REMUNERATION FOR THE WORK

CASE NAME: Law Direct Limited Trading As: Blackstone Law Solicitors & Advocates, Ellison & Co, Strain Keville, Geoffrey Bryant & Co, Brinley Morris Rees & Jones, Redfern & Co Beverly Davies Penny, Volks Hedleys, Kirk & Partners, Davies Ingram Harvey, Davies Phillips & Partners, Griffith Smith Conway, and Dakers

CASE TYPE: Administration

OFFICE HOLDERS: Stephen Katz and Paul Cooper

DATE OF APPOINTMENT: 20 June 2023

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

1.3 Overview of work undertaken prior to appointment

Details of the work carried out by the Joint Administrators and their staff prior to appointment are set out in Section 9 of this report.

1.4 Complexity of work undertaken prior to appointment

Pre-appointment work conducted was primarily related to the pre-pack sale of the assets, as well as in providing ongoing professional advice to the Company. Consequently the time-costs incurred during the pre-appointment period were predominantly at partner and senior manager level.

1.5 Exceptional responsibilities

There were no exceptional responsibilities in relation to the pre-appointment work.

1.6 The views of the creditors

There were no major creditors and it was therefore, not deemed appropriate to consult the creditors, such as suppliers or landlords, as this would have jeopardised the confidential nature of the marketing process and thereby the prospect of achieving a pre-packaged sale which would maximise the recoveries from the Company's assets for the benefit of creditors. However, the proposed Joint Administrator was involved with numerous meetings with the SRA ahead of the Administration, which was to ensure that all parties were aware of the situation and that client files and matters were protected.

1.7 Approval of fees, and expenses incurred in the period prior to appointment

The Administrators are seeking a resolution in relation to their pre-administration costs as follows:

- That the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

1.8 Expenses incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

There are no Category 2 expenses proposed to be charged in relation to the period prior to the appointment. £4.98 of Category 1 expenses were incurred during the pre-appointment period.

1.9 Other professionals employed & their costs

Details of the pre-administration legal and agents' fees incurred are included at Section 9 of this report.

1.10 Staffing and management

It was decided that two licensed Insolvency Practitioners, Stephen Katz and Paul Cooper would accept the appointment as joint administrators, and that a Senior Manager, Robert Cook, would assist with the day-to-day running of the administration with his team.

Given the highly complex nature of an appointment of Administrator of legal practices and the SRA intervention. It required a substantial amount of time being incurred by the proposed Joint Administrators.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING POLICY

2.1 Begbies Traynor (London) LLP's policy for charging fees and expenses incurred by office holders is provided above. This includes the rates charged by the various grades of our staff who may work on a case.

Law Direct Limited Trading As: Blackstone Law Solicitors & Advocates, Ellison & Co, Strain Keville, Geoffrey Bryant & Co, Brinley Morris Rees & Jones, Redfern & Co Beverly Davies Penny, Volks Hedleys, Kirk & Partners, Davies Ingram Harvey, Davies Phillips & Partners, Griffith Smith Conway, and Dakers

SUMMARY OF WORK TO BE UNDERTAKEN, PAYMENTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis for the period of the report attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees and the payment of certain expenses to make an informed judgement about the reasonableness of our request for approval of the same.

What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

To assist creditors we have used the headings from our Fees Estimate and Time Costs Analysis attached, to categorise the work that has been and will be undertaken in the administration.

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 and will be 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 and will be done, why it is necessary and what financial benefit (if any) the work may provide to creditors.

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

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

Future work under this heading will include:

- Regular meetings between the office holders and case team in order to ensure appropriate case progression and future strategy in the context of the statutory purpose.
- Maintaining adequate records to demonstrate how the case is administered and continuing to document key decisions taken during the course of the appointment.
- Performing relevant compliance reviews, internal checklist updates and periodic case reviews.

Whilst this work will not benefit creditors financially, it is required to ensure efficient progress of the case and is required in accordance with statutory and best practice guidelines, and by our regulatory body.

Compliance with the Insolvency Act, Rules and best practice

Included in the work to be undertaken under this heading is the following:

- Preparation and circulation of 6 monthly progress reports;
- Periodic reviews of the Administrators' bond, as required by the Insolvency Practitioners Regulations 2005;
- General accounting, banking and cashiering including the processing of payments, maintenance of estate cash book postings and carrying out regular bank account reconciliations;

- Preparation of the final account and relevant forms required to close the administration and move the Company to dissolution at the appropriate time.

This work does not provide a direct financial benefit to creditors, however is required in accordance with relevant insolvency legislation and best practice guidelines.

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our investigations. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

We have a duty to examine the conduct of the Company and its directors in order to identify what assets may be available for realising, including any actions against directors or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems. Where appropriate creditors or other parties may be asked to come forward with information.

These investigations, which have not yet been conducted, may uncover possible actions which could be brought for the benefit of creditors. Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this we may need to consider instructing professional agents to carry out negotiations, provide inventories and valuations. We may also need to instruct solicitors to complete sales. We may need assistance with debt collection exercises.

Despite a pre-packaged sale being completed upon the appointment of Joint Administrators, it is envisaged that there will be further asset realisations, which will consist of monitoring the progress of the sale in terms of any amounts which fall due to the Administration under the APA.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

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

If there is likely to be a distribution, creditors will be made aware of this at the earliest possibility, whether it be detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on.

The government will initially review and make payment of the claims of the employees, (up to their maximum allowances), and any shortfall on those claims will be a claim in the insolvency proceedings.

In this case we have Preferential, Secondary Preferential and Unsecured creditors.

Secured Creditors

There are no known secured creditors

Preferential Creditors

It is expected that realisations in the estate will be of a sufficient level to facilitate a distribution to employees in respect of the preferential element of their claims. In this regard, the following work will be required:

- Adjudication and agreement of employees' final preferential claim;
- Establishing the final sum available for distribution to preferential creditors under their preferential claim;
- Formal declaration of the dividend and processing of relevant payment;
- Liaising with employees in respect of any additional information required or discrepancies with the Company's records.

Secondary Preferential Creditor

It is currently anticipated that realisations will be insufficient to facilitate a distribution to HM Revenue & Customs ("HMRC") in respect of their Secondary Preferential claim, however, we will be required to lodge HMRC's claim on our internal case management system as and when received and answering any queries, which HMRC may have.

Unsecured Creditors

Although it is anticipated that realisations will be insufficient to facilitate a distribution to the unsecured non-preferential creditors, work will be required in continuing to lodge claims on our internal case management system as and when received and in answering general telephone and email enquiries from creditors.

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed.

We are also required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

Time Costs Analysis

An analysis of time costs for the period of the report is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving 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.

Pre Administration costs

Details of the pre appointment work carried out, together with our costs and proposed remuneration are found within the Proposal document.

Expenses

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

How much will this further work cost?

The 'further work' detailed above has always been anticipated, but at this point in the proceedings, it has not yet been carried out. As you know, this work is necessary in order that I may complete the administration as envisaged. Our fees estimate included later in this Appendix is made up of the time-costs incurred to date plus the anticipated time-costs to be incurred in conducting the further work. We do not currently anticipate that we will need to approach creditors for an increase following this request, unless circumstances greatly change.

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

We estimate that the cost of administering the case will be in the region of £200,570, and consequently we are seeking approval for us to draw our remuneration up to that level. However, as you are aware, the remuneration that we can draw is limited to the amount that is realised for the assets, (less any costs incurred in realising those assets). At this stage in the administration, the amount we expect to draw is uncertain.

However, please note that should there be additional or unexpected asset realisations, we will look to draw our remuneration from those too, capped at the level that the creditors approve.

SIP9 Law Direct Limited - Administration - 23LA574.ADM : Time Costs Analysis From 20/06/2023 To 09/08/2023

Staff Grade		Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	0.3		2.2		6.0		1.6			10.1	4,215.50	417.38
	Administration			2.8		6.5		50.6			59.9	17,832.50	297.70
	Total for General Case Administration and Planning:	0.3		5.0		12.5		52.2			70.0	22,048.00	314.97
Compliance with the Insolvency Act, Rules and best practice	Appointment			7.5		4.9		10.9			23.3	8,470.50	363.54
	Banking and Bonding					0.6				4.6	5.2	1,057.00	203.27
	Case Closure												0.00
	Statutory reporting and statement of affairs	0.2		7.6				25.1			32.9	11,827.50	359.50
	Total for Compliance with the Insolvency Act, Rules and best practice:	0.2		15.1		5.5		36.0		4.6	61.4	21,355.00	347.80
Investigations	CDDA and investigations	0.2		0.7		2.3		0.4			3.6	1,596.00	443.33
	Total for Investigations:	0.2		0.7		2.3		0.4			3.6	1,596.00	443.33
Realisation of assets	Debt collection												0.00
	Property, business and asset sales	25.1		0.8		6.7					32.6	20,759.50	636.58
	Retention of Title/Third party assets	1.6									1.6	1,146.00	716.25
	Total for Realisation of assets:	26.7		0.8		6.7					34.2	21,896.50	640.31
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured												0.00
	Others	7.1		2.6		9.9		16.5			36.1	15,074.50	417.58
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	7.1		2.6		9.9		16.5			36.1	15,074.50	417.58
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors	3.0									3.0	2,580.00	760.00
	Meetings							1.8			1.8	488.00	271.11
	Other							8.6			8.6	2,426.00	282.09
	Tax							1.0			1.0	260.00	260.00
	Litigation	0.4									0.4	304.00	760.00
	Total for Other matters:	3.4						11.4			14.8	5,758.00	389.05
	Total hours by staff grade:	37.9		24.2		36.9		116.5		4.6	220.1		
	Total time cost by staff grade £:	27,103.00		13,183.00		14,550.50		32,067.50		826.00		87,730.00	
	Average hourly rate £:	715.12	0.00	544.75	0.00	394.32	0.00	275.26	0.00	179.57			398.59
	Total fees drawn to date £:											0.00	

Staff Grade		Consultant/ Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration			2.6		4.7		42.3		2.4	52.00	14,527.50	279.38
	Case planning			8.0							8.00	4,000.00	500.00
Assets	Negotiation of sale of business +/- assets												
Creditors	Other creditors												
	Secured - correspondence and meetings												
Other Matters	Meetings and correspondence with directors	55.3		2.5							57.80	39,407.00	681.78
	Travel												
Total hours by staff grade		55.3		13.1		4.7		42.3		2.4	117.8		
Total time cost by staff grade £		38,157.00		6,550.00		1,809.50		10,998.00		420.00		57,934.50	
Average hourly rate £		690.00		500.00		385.00		260.00		175.00			491.80
Total fees drawn to date £												0.00	

Law Direct Limited

THE ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used 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 work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	87	41,245	474.08
Compliance with the Insolvency Act, Rules and best practice	78	35,090	449.87
Investigations	89	39,905	448.37
Realisation of assets	84	38,210	454.88
Dealing with all creditors' claims (including employees), correspondence and distributions	47	21,435	456.06
Other matters which include seeking decisions from creditors via Deemed Consent Procedures or Decision Procedures, tax, litigation, pensions and travel	49	24,685	503.78
Total hours	434		
Total time costs		200,570	
Overall average hourly rate £			462.14

What is the anticipated payment for administering the case?

Although the fees estimate indicates that the total time costs for this matter will be £200,570, we are aware that there are limited assets to realise and so the time costs that we will be able to draw will be limited to the amount that is realised for the assets. The amount we expect to draw is currently uncertain at this time. However, please note that should there be additional or unexpected asset realisations, we will look to draw our fees from those too.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>. There is also a case specific explanation in the letter accompanying this fee estimate

Dated: 9 August 2023

Arriving at our fee estimates

The cost of the process at this early stage is uncertain, but the fee estimate that I have produced provide a general overview of the likely costs

The estimates are produced by looking at historical cases of a similar nature, (asset value, number of creditors, case type and staffing levels). The estimates are then made case specific by considering the depth of investigations needed, whether significant time will be spent on adjudicating claims etc.

As the case progresses it may become apparent that the initial fees estimate will be exceeded, for example if any unforeseen circumstances arise which result in additional and unexpected costs being incurred. If this scenario occurs, we will seek creditor approval of a further fees estimate, providing full details of the circumstances at the time.

Summary of the work to be undertaken in the Administration

The following work category descriptions are provided in order for creditors to understand the statutory and general duties involved during the course of the administration.

General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

At the onset of the case we will form a strategy for how the case will be managed. This will take into consideration the level of assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.]

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Practitioners are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. We are also required to notify various bodies of our appointment, including creditors, Companies House, and advertise our appointment in the London Gazette.

We are also duty bound to correspond with creditors and issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the

duty to investigate the directors' conduct, bond the case appropriately and instruct professionals such as property agents and solicitors to assist where necessary.

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

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our initial investigations. An initial investigation is carried out in all cases to determine whether there are potential recovery actions for the benefit of creditors. Such investigations include analysis of the Company's bank statements, reviewing information provided by third parties and an analysis of the Company's management accounting records/systems. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

Where appropriate creditors or other parties may be asked to come forward with information.

I can confirm that thus far, we have been contacted by a number of parties who have wanted to bring to the attention of the Joint Administrators, matters which they believe require further investigation. It is envisaged that there will be an in depth investigation into the Company and its affairs and creditors will be kept up to date with the progress of the investigation in the 6 monthly progress reports, or more frequently, if deemed to be necessary. I will of course omit any information from the aforementioned reports which are believed to be of a sensitive nature and which could prejudice any potential or future claims.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters once we are appointed.

As you can see above, the costs of my initial investigations have been reflected in my proposed fixed fee. However, should those initial investigations reveal potential undisclosed assets, claims against directors and/or any other parties or any other matters which require further detailed investigation work in order to seek to recover funds for the benefit of creditors, I will need to propose an increase in my remuneration to cover the work necessary to pursue those investigations and relevant claims. I am unable to seek approval to fix my remuneration for such work unless and until the nature of any such claims has been identified and the work involved can be quantified. This also applies in the event of tax and pensions matters arising, not originally anticipated and included in proposed fee estimates. I will therefore circulate to creditors as necessary, if such claims or further works are identified, to seek a further decision from creditors to fix my fees for this additional work. Details of the nature of the potential claims identified and any further work to be undertaken will be included in the report accompanying the decision request, (if such decision will not jeopardise the investigations). Such recovery actions would be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

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

Time will be spent dealing with creditor queries as and when required. This can include queries by telephone, email or within letters received in the post.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on. However, all claims received will be noted and registered. The administrator is unable to distribute a dividend to the unsecured creditors

without permission of the court, other than of the prescribed part. However, it is not envisaged that there will be funds available to make a distribution to the unsecured creditors.

Where the Company has employees who have claims in the Administration, it will be the role of appointed Administrator to liaise with the Redundancy Payments Service ("RPS") and collate employment records in order to submit information concerning sums potentially due in respect of outstanding salaries, holiday pay, pay in lieu of notice and redundancy.

The government will initially review and make payment of the claims of the employees, (up to their maximum allowances), and any shortfall on those claims will be a claim in the insolvency proceedings.

Time will be spent dealing with all creditor queries as and when required.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors.

Despite a pre-packaged sale being completed upon the appointment of Joint Administrators, it is envisaged that there will be further asset realisations, which will consist of monitoring the progress of the sale in terms of any amounts which fall due to the Administration under the APA.

The Joint Administrators will continue their ongoing correspondence with both the SRA and the Purchaser, in order to ensure that all client files are transferred from the Company to either the SRA or Purchaser. Due to the complexity and sensitive nature of the assignment, a large portion of the time spent will be by the partner and senior manager grade.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

Distribution of funds – if applicable in your case

In cases where sufficient realisations are made to enable a dividend to the secured and preferential creditors creditors, I must review the claims and supporting documents and formally adjudicate on the claims. This may involve seeking additional supporting documents where claims require further review.

This will only occur should sufficient proceeds remain in the Administrators' estate after the costs of the Administration have been met in full.

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner may be required to carry out additional work which doesn't necessarily fall under any of the other categories above. This may include:

Seeking additional decisions from creditors on various proposed resolutions, including where relevant an increase to our original remuneration estimate, and whether a creditors committee is formed.

We may also be required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case

There are certain other matters which we may have to deal with which are not evident or foreseeable at the outset of the Administration. I am unable to seek approval to fix remuneration for any work unless and until the nature of any such work has been identified and the work involved can be quantified. If this scenario should occur, I will revert to creditors, providing full details of the circumstances at the time, to seek creditor approval of a further fees estimate.

Instances and explanations of the such work that might fall under this category are provided on our website at <http://www.begbies-traynorgroup.com/work-details>.

Once again, there may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

Dated: 9 August 2023

LAW DIRECT LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, requisitioned meetings, dividends etc.	103.50 plus VAT
2.	Specific Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	Up to 482
3.	Legal Fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	20,000 – 30,000
4.	Travel	Travelling to and from the Company's premises	100 - 300
5.	Postage	Based on current prices. Relating to the circulation of notices to creditors of the virtual meeting of creditors, the appointment of Liquidator and a final account.	Up to 900
6.	Bank Charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	Up to 50
7.	Searches	An Insolvency Practitioner is required to carry out KYC checks on all clients, which includes, but is not limited to, an AML check	Up to 50
8.	IT Fees	Potential costs for IT specialists, as and when required for data access and preservation.	Up to 10,000
9.	Agents Fees	Williams & Partners ("W&P") time costs in dealing with the asset valuation, enquiries from interested parties and their anticipated disbursements W&P will also charge 10% fee of any additional asset realisations.	Up to 30,000

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.

SIP 16 STATEMENT

APPENDIX

SIP 16 Statement

LAW DIRECT LIMITED Trading as: Blackstone Law Solicitors & Advocates, Ellison & Co, Strain Keville, Geoffrey Bryant & Co, Brinley Morris Rees & Jones, Redfern & Co, Beverly Davies Penny, Volks Hedleys, Kirk & Partners, Davies Ingram Harvey, Davies Phillips & Partners, Griffith Smith Conway, and Dakers (In Administration) ("**the Company**")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 20 JUNE 2023

Background Information

Our proposals for achieving the purpose of the administration which will be sent to creditors as soon as practicable will provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

The Company traded as a law firm and was also an "umbrella" Company for smaller practices that it acquired. The Company was incorporated on 11 March 2011 and originally traded as Blackstone Law Solicitors & Advocates from incorporation to 22 June 2022, when it changed its name to Law Direct Limited.

There were 12 separate law firms within the network, spread across the UK all of which used different trading styles. Some of which are separate limited companies, traditional 1890 Partnerships or LLPs operating under their own trading style, but all of which are ultimately owned by the Company. These were as follows:

- Law Direct Ltd, Third Floor White House, 111 New Street, Birmingham, B2 4EU,
- Volks Hedleys Solicitors, 19-21 North End Road, London, W14 8ST,
- Beverly Davies Penny, 43 Brunswick St, Cardiff, CF5 1LJ,
- Ellison & Co, 13 Kings Rd, Pontcanna, Cardiff, CF11 9B,
- Griffith Smith Conway, 154a Church Road, Hove, East Sussex, BN3 2DL,
- Strain Keville, 294 Grays Inn Rd, London, WC1X 8DX,
- Davies Ingram Harvey, Cornhill Chambers, 7 Christina Street, Swansea, SA1 4ES,
- Geoffrey Bryant & Co Ltd, 54 High St, Eton, Windsor, SL4 6BL,
- Kirk & Partners, 25-27 Passey Place, London, SE9 5DF,
- Redfern & Co, Third Floor White House, 111 New Street, Birmingham, B2 4EU,
- Brinley Morris Rees & Jones, 3 John Street, Llanelli, Carmarthenshire SA15 1UN, and
- Dakers Solicitors, 45 Ladies Mile Road, Patcham, Brighton, BN1 8TA.

The Company had 29 employees across the law firms, split between management, administrative, reception, solicitors, consultant solicitors and salaried partners.

The reasons for the Company's insolvency

Over the past 24 months the Company began to experience financial difficulties. It had made numerous acquisitions over this period with the majority of firms acquired on the basis of a nominal payment with a split of revenues generated between the Company and the acquired practice. However, following the acquisitions it appears that a number of the acquired firms failed to co-operate fully with the directors and refused to account for turnover and funds. This has caused significant integration issues and difficulties with trying to manage a diverse range of systems and technology across the network which in turn caused cash flow difficulties for the Company. Matters began to come to a head with many of the acquired partners being dissatisfied with the overall

structure and the cash flow difficulties meaning that it was unlikely that the PI insurances, many of which are currently due for renewal, could be paid.

The directors of the Company were referred to this firm by a family member of one of the law firms' partners and an initial meeting took place in Bicester on 3 May 2023.

Following the meeting this firm was engaged to assist the Board with a potential administration on 15 May 2023.

On our initial assessment the Company was clearly insolvent but there was a significant lack of accurate information and disclosure from a number of practices operating within the network. This made a review of the Company's affairs difficult. The Company has liabilities estimated to be in excess of £2.5million, which includes the Director who is owed approximately £200k in respect of personal monies introduced to try and support the ailing business.

Due to the imminent threat of insolvency, and following this firm's instruction, engagement began with a number of parties as follows:

1. Specialist insolvency sales agents and valuers – Williams & Partners ("WP").
2. Recovery First ("RF") – a firm specialising in the realisation of Work in Progress ("WIP") of distressed legal practices.
3. A third party firm of solicitors interested in acquiring the conveyancing files.
4. The Investigation and Supervision team of the Solicitors Regulation Authority ("SRA").

Several meetings took place with the SRA team over the following weeks whilst both WP and RF sought to extract from the records accurate information such that the true position of the company's affairs and insolvency could be established and in order that an accurate information memorandum could be prepared for potential acquirers.

Eventually, it became apparent that it would not be possible to extract an accurate list of live cases and work in progress and that a sale to a third party in the marketplace would not be possible.

RF declined to make a formal offer of assistance on the basis that there was too much uncertainty as to what was there and the quality of the cases.

Another independent firm who had expressed interest in the conveyancing portfolio declined to make an offer on the basis that the information available was too unreliable.

This left only limited options to achieve value for the WIP and assets. As such the strategy agreed with WP was to offer the individual firms back to the original selling parties on similar terms which was duly done. Although there was interest from one of the parties this quickly evaporated leaving WP with only one interested party being a law firm; Alexander & Partners ("A&P"), who were working alongside Tony Sullman and Ian Powell of The Legal Partnership.

Mr Sullman and Mr Powell had previously been involved with the Company and had been part of the team that had originally been instrumental with putting the Group together. As such they already had detailed historic knowledge of the group and personalities involved and were uniquely placed to look at the business and make an offer.

Urgent due diligence was carried out by them over several days and an offer was made for certain parts of the business and to assume certain liabilities and regulatory obligations as follows:

- Sale of the conveyancing files across the firm for a fixed sum per file successfully completed.
- WIP from certain files specifically excluded from the sale to A&P in order that funds could be realised immediately for the administration.
- Sale of the Personal Injury cases.

- Transfer of the Birmingham office and staff as a transfer as a going concern and a successor office.
- The goodwill in the trading names.
- The benefit of any claims arising in relation to Sussex Law Limited under the share purchase agreement dated 14 July 2022.
- The shares in Geoffrey Bryant & Company Limited.
- The probate files and will bank and deeds.
- The buyer has undertaken to comply with the regulatory file storage and archiving for all of the firms within the network.
- The buyer has agreed to take on the obligation to conclude post completion property matters in relation to client files.

As well as the obligations undertaken the consideration consisted of the following:

- Payment of the sum of £10,000 in relation to the Birmingham office.
- Payment of the sum of £300 plus VAT in relation to each conveyancing file successfully transferred and completed. A payment on account was received in the sum of £7,500 plus VAT representing an indicative number of files thought to be available to transfer of 300 files relating to this.
- A future revenue of 31% of WIP on client files successfully transferred and billed.
- As detailed more fully below WIP was released from these arrangements such that it could be realised by our agents.

The reasons for the pre-packaged sale

It was apparent that a pre-packaged administration sale, where requisite marketing, bidding, negotiation and contract preparation is undertaken prior to a company entering administration, would ensure that part of the business could seamlessly transfer to a new operator without unsettling its staff, and ensuring the clients are protected and their respective files are progressed without significant disruption, and that this approach would therefore generate an enhanced level of realisations when compared with the alternative options set out elsewhere in this report.

As a priority was to protect clients' interests, including their data and as detailed above early engagement with the SRA took place and was necessary. Numerous meetings were held with the SRA throughout this process.

There were several reasons for a pre-packaged sale.

Firstly, under the Solicitors Act, it is not permissible for an Administrator to trade a law firm, consequently a strategy had to be adopted whereby another regulated firm would be able to trade the firms as seamlessly as possible.

Secondly, the SRA had indicated that they were prepared to intervene in the firms to protect clients' interests. As many of the firms undertook residential and commercial conveyancing, the SRA was concerned that clients may lose mortgage offers and completions might be delayed if another firm or firms could not be found to take over responsibility for that work. As such the SRA was prepared to wait until such time as a transfer of these files could be achieved before intervening. The SRA did intervene in what remained of the various firms on 22 June 2023.

The SRA was also concerned about archived files as there is a responsibility for law firms to retain such records for a number of years and the SRA was aware that some of the archived files may not be stored in accordance with standard practice, nor that the Company knew where all of the files were held.

Furthermore, a number of the offices had amalgamated, and prior offices closed whilst the archived files remained in the old offices without any party overseeing their storage and protection.

Thirdly, several the firms that had been acquired refused to provide the Company with relevant information about their WIP and billing which had, in part, caused the Company to become insolvent, since these same firms controlled their own office and client accounts, in contravention of the sales agreements between the

parties. Consequently, the level of information available was minimal and what was available was out of date or incorrect. For example, the initial information we received inferred that there were over 2,900 live conveyancing cases, but subsequent details analysis from seven of the firms indicated that the true number was between 200 and 400. Four firms did not provide any information including details of their client accounts (despite later requests from the SRA to provide that information to them). As a result, and as explained above it was not possible to prepare an Information Memorandum with any meaningful data that could be utilised by any unconnected 3rd party to put together an offer.

Fourthly, Sussex Law, one of the firms that had previously been acquired, had since claimed to have separated from the Company in circumstances that were not very clear and where the Directors of the Company remained the directors and shareholder of Sussex Law, which itself was paying the PI insurance premiums for 3 or 4 of the other practices, and had taken over some of the files of some of the smaller practices that appeared to no longer be operating as individual trading entities.

However, despite significant correspondence we were unable to obtain a clear understanding of the files/WIP that had been transferred to Sussex Law, nor the day-to-day involvement of the Directors in that firm.

This caused the situation to become even more opaque in terms of trying to put together an information memorandum.

Fifthly, we were advised by the Director that the Company's Professional Indemnity cover expired on 30 May 2023 which would have put the firms in a 30-day run-off period, followed by a further 60-day run-off period during which they would be unable to take on any new instructions, and this was a matter of grave concern for the SRA and each of the individual firms. By undertaking a sale within the initial 30-day run-off period, this potentially catastrophic situation would, therefore, have been avoided.

As a result of the above, it was determined that a pre-packaged sale following an accelerated marketing process would be the optimum mechanism for maximising the net value of the Company's assets and thereby the potential extent of the return to creditors from the insolvency estate in comparison to the alternatives, which are set out in the *"What alternative courses of action were considered"* section of this report.

It was intended that the administration would commence on Monday 19 June 2023 and in that regard the Board resolved to make the appointment on Friday 16 June 2023 and the required papers were sworn ready for filing. However, over the weekend Mr Katz became aware that a winding up petition had been presented against the company by a creditor, Federal Capital. As a consequence of this it would not be possible for the out of court administration procedure to be followed.

Over the weekend of 17th and 18th of June the lawyers instructed on the sale, Myerson Solicitors LLP of Altringham, were engaged and counsel sought. Witness statements were prepared by the director and Mr Katz and filed with the Court seeking an administration Order as an alternative to the winding up Order.

The proposed sale was disclosed to the Court as well as the ongoing engagement with the SRA.

The order was made by the Court on 20th June and the winding up petition dismissed on condition that the costs of the petition be paid as an expense of the administration.

The statutory purpose of administration that was pursued

Paragraph 3 of Schedule B1 to the Insolvency Act 1986 provides as follows:

3 (1) The administrator of a company must perform his functions with the objective of-

- (a) rescuing the company as a going concern, or
- (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or

- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

It is anticipated that, once costs are considered, realisations in the estate will be exceeded by the value of the Company's preferential and secondary preferential creditors, and consequently, it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b). Therefore, the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, a TUPE transfer of some of the employees has been achieved as a result of the sale, which has had the effect of mitigating the a proportion of the primary preferential claim for accrued holiday pay and wage arrears that would have crystallised in the estate with an alternative outcome involving the cessation of trading and employee redundancies, and it is envisaged that, following collection of the deferred sale consideration and realisation of any other assets, a I distribution will be made to the remaining employees, in respect of any arrears of wages, holiday pay and also in respect of any outstanding pension contributions, together with HM Revenue & Customs in respect of its secondary preferential claim. As such, the pre-packaged sale documented within this report, which represented the best outcome available in the circumstances, has enabled the statutory purpose of the administration to be achieved.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (London) LLP's **initial introduction to the Company?**

Paul Cooper was initially contacted by Simon Conway, a personal contact, on 27 April 2023, who introduced the Director, Zaheer Afzal . The date of our formal engagement by the Company was 15 May 2023.

What was the extent of Stephen Katz and Paul Cooper, their associates and Begbies Traynor (London) LLP's **involvement with the Company before appointment?**

Begbies Traynor (London) LLP carried out a review of the Company's business over a number of weeks and the directors were furnished with a list of financial and other company information to provide for analysis, and further meetings to consider the appropriate course of action were held with ongoing correspondence via email occurring daily throughout May and June 2023.

As mentioned above, extensive correspondence and numerous meetings were held with the SRA in relation to this matter and to ensure that the transition post sale could be as effective as possible, to minimise the impact on the Company's clients.

Prior to their appointment the proposed administrators advised the Company and not the director on their personal position, the director were encouraged to take independent advice.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Stephen Katz and Paul Cooper prior to their formal appointment as administrators and not by the director of the Company. It was made clear to the director that once Stephen Katz and Paul Cooper were appointed as administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

Was the business or were the assets of the Company acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale?

No.

Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale

Antony Berg LLB of specialist valuation and insolvency agents, WP was instructed to advise on and undertake an appropriate accelerated marketing exercise pursuant to the requirements and marketing principles set out within SIP16, with a view to generating interest in the Company's business and assets from potential purchasers and ultimately achieving a pre-packaged sale of the Company's business and assets to be completed upon the Company's entry into administration.

Due to the threat of a winding up petition and mounting debts, it was determined that the only way to secure a sale would be to offer the various firms to their previous Principals who still worked for the individual firms and to contact a select group of other practices that could act within a very limited timeframe and had previous experience of acquiring distressed law firms, whilst being able to act within the parameters of what was required by the SRA.

To simplify the process, when contacting the Principals WP suggested that they acquire their business on the same terms on which they had sold their firm to the Company, i.e. they would retain 70% of the realisable WIP for their live files and pay 30% in to the administration (based on the number of live files we had been advised that each currently held), with an initial £10,000 payable on account.

Consideration was given to marketing the business more widely, including placing adverts on recognised distressed business websites, but this option was rejected for the reasons set out above, in *"the reasons for the pre-packaged sale"*.

No specific marketing period was chosen since the ability to finalise a sale depended on many factors including the ability to obtain essential information, the intention of the SRA with respect to a possible intervention and the possibility of a winding up petition being presented. However, a general email was sent by W&P to all of the firms on 26 May 2023 requesting offers by 12:00pm on Friday 2 June 2023 with a sale to be concluded by no later than close of business on Friday 9 June 2023.

The marketing strategy was formulated with WP in order to comply with each of the marketing essentials set out within SIP16 utilising direct marketing routes. The strategy employed resulted in the opportunity being brought to the attention of the widest possible range of potential purchasers, within a limited pool of appropriate parties, in respect of the limitations set out above and the limited time available, whilst being conducted with a view to the fact that an accelerated process would be key to successfully concluding a pre-packaged sale and maximising the achievable recoveries.

The period was chosen as we made an assumption that the Principals in each firm would have a much better understanding of their own WIP, live files and client accounts, but this was a mistaken assumption as some of the firms indicated that they did not control their own client and office accounts, or refused to provide details of their live files to enable a definitive value to be attributed to any offers they may have subsequently made.

A number of the firms engaged in the process and submitted offers and 3 external parties also considered making an offer. Other firms did not engage in the process at all despite further attempts to engage them in the process.

However, as we were only able to provide interested parties with partial information and were unable to answer many of their questions due to the lack of information, referred to above, many potential buyers ultimately decided not to make an offer as they were unable to obtain any certainty as to the number of files that they may be required to take on or obtain any certainty with respect to the client account reconciliations.

We were contacted by third party advisers to the firm, Alexander & Partners ("A&P") who had previously been involved with acquiring the various law firms under the Law Direct banner and had intimate knowledge of the business and the various firms.

An initial offer was made to acquire the entire business as a successor firm and TUPE over all of the employees with an initial payment of £10,000 on account per firm's WIP acquired with a total realisation of 31% of recovered WIP. Further negotiations and extensive due diligence were undertaken which resulted in similar issues as those faced by other interested parties.

Ultimately, the offer was amended to acquire only the conveyancing files (including post-completion files at no cost), the entire office of Law Direct in Birmingham which specialised in Person Injury work, including a TUPE transfer of all that offices employees, on a successor firm basis, responsibility for the archived files of all firms under the Law Direct banner and responsibility for the Wills bank and Deeds held by all of the firms. In addition the offer included the acquisition of the assets of the Birmingham branch and a novation of the finance agreements for the remaining vehicles (subject to agreement with the various finance companies).

What valuations of the Company's undertaking and assets were obtained?

WP was engaged by the Director of the Company to market the WIP, assets and goodwill of the business for sale out of administration to ensure that best return for creditors as a whole for the reasons set out above in this report.

No formal valuation report has been prepared prior to the pre-packaged sale, but the Joint Administrators were satisfied that the sale provided the best possible outcome to the estate, and maximised the recovery of the Company's assets in the challenging circumstances detailed extensively above in this report. The alternative to a pre-packaged sale of part of the business was for a forced sale, most likely out of a liquidation, following a complete shutdown of the trading and an SRA intervention. It is without doubt that this would have significantly reduced the any realisable value of the Company's existing WIP and justifies this approach.

What security (if any) has the Company provided to its creditors?

There are no fixed or floating charges registered at Companies House. However, the purchaser is a Law Partnership governed by the 1890 Partnership Act and therefore each partner remains jointly and severally liable for the purchase consideration.

What alternative courses of action were considered by Stephen Katz and Paul Cooper?

Non-insolvency options

It was apparent that the Company had made a concerted effort to achieve turnaround and secure the future of the trading entities by seeking to obtain relevant information about work-in-progress and billing. However, by the time of our instruction communications between the trading entities and the Company had worsened and the prospect of avoiding a formal restructuring or insolvency process was no longer realistic.

Company Voluntary Arrangement ("CVA")

A CVA geared towards compromising the arrears was considered. However given the imminent threat of a winding-up petition being presented, it was unlikely that there would be sufficient time for a CVA proposal to be formulated and considered by creditors. It was noted that trading under a CVA is a matter of public record, and as with administration trading, this process would unsettle staff and lead to workers seeking new employment, potentially jeopardising the ability of the Company to continue trading from all of its locations and as services would be affected, the likelihood of an SRA intervention would be inevitable. It was also concluded that a prolonged period of contributions into a CVA from future income as well as any additional actual or contingent liabilities arising on insolvency, would not be achievable with the problems already being experienced by the directors in obtaining reliable information and income from various practices within the group. Therefore, this option was dismissed.

Creditors' Voluntary Liquidation ("CVL")

A CVL process would require a pre-commencement notification to suppliers and other creditors and would result in the cessation of trading, thereby decimating the potential value of the Company's assets and resulting in only break-up values being achievable. A CVL would also have required the redundancy of all staff, crystallising additional claims within the estate. An administration process that would preserve its going concern value was clearly required and a CVL was accordingly dismissed.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

Under the Solicitors Act, it is not permissible for an Administrator to trade a law firm so trading the entity was not a possibility.

What requests were made to potential funders to fund working capital requirements during the administration?

No requests were made. The reason for favouring a pre-pack administration sale was based upon this route offering the best prospect of maximising the net realisations from a sale of the assets. Also, as mentioned above in this report, an Administrator is not able to trade a solicitors practice.

What efforts were made to consult major creditors?

It would not have been appropriate to consult other creditors, such as suppliers or landlords, as this would have jeopardised the confidential nature of the marketing process and thereby the prospect of achieving a pre-packaged sale which would maximise the recoveries from the Company's assets for the benefit of creditors.

The SRA, who as the regulatory body have a significant role in this matter, were consulted regularly and kept up to date on the developments in the interest of the Company's clients.

What was the date of the transaction?

Tuesday 20 June 2023

What were the assets sold and what was the nature of the transaction?

As noted above the offer from A&P included an immediate payment of £10,000 on account for the Birmingham office WIP and £25 per file in respect of each of the 300 conveyancing files initially identified totalling approximately £7,500 ("the initial payment") plus deferred consideration which equates to a total recovery of 31% for all current realisable WIP together with 31% of recoveries as a result of any solicitors lien held over the Company files that have been transferred to other firms, including those transferred to Sussex law and 31% of any realisations from the Wills bank.

The offer included the potential to recover 31% of any sums from Sussex Law that may be due under the purchase agreement between the two companies from the date that Sussex Law was acquired, at no cost to the administration and the creditors.

The sale included the goodwill in relation to the various trading names, business intellectual property rights, shares held in Geoffrey Bryant & Company Limited and is broken down further below.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The initial sum of £17,500 plus VAT was received upon completion of the sale and is broken down as follows:

<u>Categories of Assets</u>	<u>Initial sum realised £</u>
Goodwill relating to trading names	1
Sellers records	1
Business Intellectual Property Rights	1
Transferring Property	1
Work-in-Progress	17,493
Client Files	1
GB Shares	1
Sussex Claim	1
TOTAL	17,500

The sale to A&P also included transferring to them the responsibility for the archived files and the Wills bank and Deeds, which removes a significant intervention issue for the SRA and which resolves one of their key concerns.

A&P have recently acquired a number of distressed firms and has the experience and capacity to acquire the live conveyancing files whilst de-risking the possibility that property conveyances will stall at completion or mortgage offers be lost, which was of significant importance when considering their offer.

A&P are an authorised firm and, therefore, subject to the SRA's Regulations in respect of onboarding clients and providing them with a choice to move their file elsewhere, without delay, even where such files may be subject to a solicitors lien; a key concern of the SRA.

No other offer provided for such a comprehensive outcome and despite not all live files being acquired, the offer minimises the intervention requirements of the SRA which has given tacit approval to the scope of the offer.

As referred to above as a consequence of the sale process and the release by the buyer of certain files it was possible for WP to realise the gross sum of £163,022.26 from certain client files. From these sums the director approved the payment of the following which were paid on 16 June 2023:

- Payment of the agents' fees in relation to the realisations and marketing and sale of the business in the gross sum of £30,362.78.
- Payment of BSS Accountants (the director's brother) for advice and assistance in the 4-week period leading up to the insolvency in the gross sum of £10,800.
- Payment of part of this firms pre appointment costs in the gross sum of £17,353.20.

The net balance held of £104,506.28 has been remitted to the administration account.

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

Alexander and Partners.

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?

The joint administrators are not aware of any connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates.

Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

The joint administrators are not aware of the directors, or former directors of the Company being involved in the management of the purchaser or any other entity into which the assets have been transferred.

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The directors have informed the joint administrators that they have no involvement with A&P and accordingly have given no guarantees to a prior financier in connection to this sale.

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

This information has been provided earlier in the report.



Case No. CR-2023-003209

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (CHD)

CR-2023-003209

BEFORE MR JUSTICE MARCUS SMITH

Dated 20 June 2023

IN THE MATTER OF LAW DIRECT LIMITED

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

ADMINISTRATION ORDER

UPON the application of the Directors of Law Direct Limited ("the Company"), in respect of the Company, whose registered office is Third Floor White House, 111 New Street, Birmingham, West Midlands, England, B2 4EU, presented to the Court on 19 June 2023

AND UPON hearing Counsel, Morwenna Macro, for the Applicants and no other person appearing or being represented

AND UPON the court having read the witness statements of Zaheer Afzal and of Stephen Katz, and the exhibits thereto

AND UPON the court being satisfied on the evidence before it that the EU Regulation on Insolvency Proceedings (the EU Regulation) does not apply

IT IS ORDERED THAT:

1. Stephen Mark Katz and Paul Steven Cooper, both of Begbies Traynor (London) LLP, Pearl Assurance House, 319 Ballards Lane, London, N12 8LY, be appointed as joint administrators of the Company.
2. Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the joint administrators.
3. During the period for which this order is in force the affairs, business and property of the Company be managed by the administrators.

4. The winding-up petition presented to the Court by Federal Capital Limited ("the Petitioner") on 13 June 2023 and given case number CR-2023-MAN-000774 ("the Petition") do stand dismissed.
5. The costs of this application be paid as an expense of the administration.
6. The Petitioner's costs of the Petition be paid as an expense of the administration.
7. This Order shall be served by the Applicants on all parties notified of this application.
8. The appointment of the administrators shall take effect from 10:47am on 20 June 2023.

Service of this Order

The court has provided a sealed copy of this Order to the serving party:

Myerson Solicitors LLP

Grosvenor House, 20 Barrington Road, Altrincham, Cheshire, WA14 1HB

CREDITOR PROOF OF DEBT FORM – (In Administration)

NAME OF COMPANY	Law Direct Limited (Trading As: Law Direct Ltd, Volks Hedleys, Beverly Davies Penny, Ellison & Co, Griffith Smith Conway, Strain Keville, Davies Ingram Harvey, Geoffrey Bryant & Co Ltd, Kirk & Partners and Redfern & Co)
REGISTERED COMPANY NUMBER	07561747
TRADING ADDRESS	Third Floor, The White House, 111 New Street, Birmingham
RELEVANT DATE	20 June 2023

Name of creditor	
Address of creditor	
Telephone number of creditor	
Email address	
Total amount of claim, including VAT and outstanding uncapitalised interest as at the relevant date (see above). Where payment is made or set-off applied after the relevant date this should be deducted and relevant deductions disclosed.	£ _____
Details of any document by reference to which the debts can be substantiated.	
Details of goods or services to which the claim relates.	
Details of whether the whole or any part of your claim is preferential under section 386 of, and Schedule 6 to, the Insolvency Act 1986.	Category Amount(s) claimed as preferential £ _____

If the total amount above includes outstanding uncapitalised interest please state the amount.	£ _____
Particulars of any security held, the value of the security and the date it was given. Please explain how you valued your security.	£ _____
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 behalf of creditor.	
Name in BLOCK CAPITALS	
Position or relationship with creditor Address of person signing (if different from address above)	
Date _____	
<p align="center">PLEASE ATTACH A DETAILED STATEMENT OF ACCOUNT or other particulars of how the debt arose</p>	

ACKNOWLEDGEMENT OF CLAIM

<p>I acknowledge receipt of a claim of £ _____ including VAT, as detailed above.</p> <p>This acknowledgement does not necessarily admit the claim to rank for dividend.</p>	<p>Signed _____</p> <p>for Stephen Katz and Paul Cooper, Joint Administrators</p>
<p>Date _____</p>	<p align="right">Begbies Traynor (London) LLP</p> <p align="right">31st Floor, 40 Bank Street, London</p>

Estimated Outcome Statement as at 9 August 2023

Law Direct Limited - In Administration
Joint Administrators' Estimated Outcome Statement
As at 9 August 2023

Statement of Affairs £		Realised / Paid:	Projected:	Final:
	Notes:			
ASSET REALISATIONS				
Cash at Bank		4,500.00	-	4,500.00
Client Account Monies (SRA)		18,745.62	-	18,745.62
Proceeds of Sale - SRA	1	-	25,000.00	25,000.00
Deferred Consideration	2	-	300,000.00	300,000.00
Proceeds of Sale		122,005.28	-	122,005.28
		145,250.90	325,000.00	470,250.90
COST OF REALISATIONS				
Petitioners Costs		(1,800.00)	-	(1,800.00)
Pre Appointment Fees	3	-	(30,973.50)	(30,973.50)
Joint Administrators' Fees	3	-	(200,570.00)	(200,570.00)
Agents/Valuers Fees	4	-	(30,000.00)	(30,000.00)
Legal Fees - Administration Application		(22,443.00)	-	(22,443.00)
Legal Fees - Pre-Packaged Sale	5	-	(34,688.00)	(34,688.00)
Statutory Advertisement		(109.08)	-	(109.08)
Specific Bond		-	(214.00)	(214.00)
Stationery & Postage		-	(500.00)	(500.00)
Searches		-	(31.50)	(31.50)
		(24,352.08)	(296,977.00)	(321,329.08)
SURPLUS/(DEFICIENCY) AS REGARD PREFERENTIAL CREDITORS				148,921.82
PREFERENTIAL CREDITORS				
Arrears of Wages				(15,252.10)
Holiday				(15,781.57)
				(31,033.67)
SURPLUS/(DEFICIENCY) AS REGARD SECONDARY PREFERENTIAL				117,888.15
SECONDARY PREFERENTIAL CREDITORS				
HM Revenue & Customs				(390,184.28)
				(390,184.28)
SURPLUS/(DEFICIENCY) AS REGARD UNSECURED CREDITORS:				(272,296.13)
UNSECURED CREDITORS				
Arrears of Wages				(20,495.87)
Notice Pay and Redundancy Pay				(44,000.00)
HM Revenue & Customs				(68,113.40)
Trade Creditors				(1,630,551.19)
				(1,763,160.46)
SURPLUS/(DEFICIENCY) AS REGARD MEMBERS:				(272,296.13)

Notes:

- 1 Dependent on agreement made with SRA
- 2 Up to 1,000 cases will be taken over by Alexander & Partners at an agreed rate of £300 per case.
- 3 Subject to approval by preferential creditors, pursuant to the Para 52 (1)(b) statement being made in the proposals
- 4 A rate of 10% of projected realisations. Subject to
- 5 MS has incurred £34,688 of time costs, however, this figure is subject to discussion and a lesser amount may ultimately be paid.