

AM03

Notice of administrator's proposals



Companies House

SATURDAY



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A15

02/02/2019

#13

COMPANIES HOUSE

1 Company details

Company number 0 9 2 4 0 7 4 5

Company name in full Startermode Limited

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

2 Administrator's name

Full forename(s) Julian

Surname Pitts

3 Administrator's address

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

4 Administrator's name ①

Full forename(s) Andrew

Surname Mackenzie

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

5 Administrator's address ②

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

7

Sign and date

Administrator's
Signature

Signature

X



X

Signature date

^d2

^d9

^m0

^m1

^y2

^y0

^y1

^y9

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	Laura Amann
Company name	Begbies Traynor (Central) LLP
Address	Fourth Floor Toronto Square
Post town	Toronto Street
County/Region	Leeds
Postcode	L S 1 2 H J
Country	
DX	
Telephone	0113 244 0044



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Christopher

Surname Brooksbank

3 Insolvency practitioner's address

Building name/number Moorend House

Street Snelsins Lane

Post town Cleckheaton

County/Region West Yorkshire

Postcode B D 1 9 3 U E

Country

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.

Startermode Limited (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"	Startermode Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 7 December 2018
"the administrators", "we", "our", "us"	Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ, Andrew Mackenzie of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ, and Christopher Brooksbank of O'Haras Limited, Moorend House, Snelsins Lane, Cleckheaton, West Yorkshire, BD19 3UE
"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:	Startermode Limited	
Date of Incorporation:	30 September 2014	
Company registered number:	09240745	
Company registered office:	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ	
Former registered office:	32 Park Cross Street, Leeds, LS1 2QH	
Principal business activities:	Leisure - Bars and Restaurants	
Directors and details of shares held in the Company (if any):	Name	Shareholding
	Ms Vivienne Wilson	N/A
Auditors:	Hentons Chartered Accountants, Northgate, 118 North Street, Leeds, LS2 7PN	
Share capital:	1 Ordinary Share at £1	
Shareholders:	Burningnight Limited- In Administration, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	7 December 2018
Court:	In the High High Court of Justice, Business and Property Courts in Leeds, Insolvency Companies List
Court Case Number:	1226 of 2018
Person making application.	Burningnight Limited- In Administration, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

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

General history and background of the Company

The Company was incorporated on 30 September 2014 and the principal activity of the Company, as registered at Companies House, was other letting and operating of own or leased real estate.

The Company is one of several subsidiary companies of Burningnight Limited ("Burningnight"). Burningnight was formed to open bars and pubs in key areas across the UK. Between October 2010 and March 2017, Burningnight opened a range of Bierkellers in Leeds, Liverpool, Manchester, Cardiff, Birmingham and Nottingham.

In February 2017 the Company entered into a lease of the premises at 25 Merthyr Road, Whitchurch. The entirety of the property comprised three interconnected two storey units including 25, 27 & 29 Merthyr Road, trading as a restaurant bar and cocktail lounge under the name of Miss Jones.

In May 2017, the tenancy of 25 Merthyr Road subsequently ceased upon the Company purchasing the freehold. The Company also entered into a new lease in September 2017 for the leasehold units 27 & 29 Merthyr Road, with Burningnight acting as guarantor.

The purpose of purchasing the freehold property and entering into the lease of the leasehold units was for the Company to renovate the whole of the units to transfer the venue into a Potting Shed bar. Following this

transaction the Company continued to trade as Miss Jones until its cessation in June 2018, upon which works began to renovate the premises

The Company's last filed accounts dated 31 July 2017 (signed 27 April 2018) showed a loss of £63,218 and the consolidated accounts also showed a group loss for the financial year. Despite this loss, the directors of the group of companies were confident that the companies could return to profitability

However on 28 September 2018, Burningnight was placed into administration by the secured creditor, Crowdstacker Corporate Services Limited ("Crowdstacker") and Andrew Mackenzie and Julian Pitts were appointed as joint administrators.

Andrew Mackenzie and Julian Pitts were also appointed as joint administrators to Cornertrack Limited ("Cornertrack") and Burningnight (Services) Limited ("BNS") on 9 October 2018 and 9 November 2018 respectively. The appointment in respect of Cornertrack was pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The appointment in respect of BNS was by Crowdstacker pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. Cornertrack and BNS are both 100% subsidiaries of Burningnight.

The joint administrators have sought to sell the business of the Burningnight group but this was hindered by the multiple problems encountered due to the trading entity (Visionary Leisure Limited ("Visionary")) and lease holding companies not being under the direct control of the joint administrators. With lease, hire creditors and landlords seeking payment only a limited time was available to realise the value available from the Burningnight group.

Unfortunately, it was not possible to complete a sale of the Burningnight group's business and assets, either as a whole or in part in the timescales afforded. Therefore, taking into consideration the issues faced, Burningnight Limited in administration, in its capacity of shareholder, applied to Court to exercise all powers necessary to put the Company (and a number of other group companies) into administration and protect the value of the whole of the Group and the Company's assets. Subsequently, Andrew Mackenzie and Julian Pitts of Begbies Traynor together with Christopher Brooksbank of O'Haras Limited were appointed joint administrators by the Court on 7 December 2018.

5. STATEMENT OF AFFAIRS

Formal notice has been sent to the Company's director to submit a statement of affairs pursuant to Rule 3.27 of the Insolvency Rules 2016. To date, no statement of affairs has been received but we understand that steps are being taken by the director to comply with their statutory duties in this regard and will be submitting the statement of affairs in due course.

In the circumstances, Rule 3.35(1) of the Insolvency Rules 2016 dictates that we must provide details of the financial position of the Company at the latest practicable date (which must, unless the court otherwise orders, be a date not earlier than that on which the company entered administration), a list of the Company's creditors including their names, addresses and details of their debts, including any security held, and an explanation as to why there is no statement of affairs.

The creditors can be summarised as follows (estimated figures):

Secured Creditor	£712,604 with accruing interest
Preferential Creditors	£Nil
Unsecured Creditors	£5,154.55

A statement of the Company's estimated financial position, together with a list of creditors, as at 7 December 2018 is included at Appendix 2. Please note that this list is based on information provided by the director of

the Company and does not necessarily represent a definitive list. The details for the estimated financial position have been extracted from the Company's records and therefore, no warranty can be given to the accuracy of the details.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 7 December 2018 to 29 January 2019.

Work undertaken by the Administrators and their staff

Following our appointment on 7 December 2018, we attended the Company's head office to collate as much information as possible. We have requested a full list of company creditors, debtors and a statement of affairs from the director of the Company, who is yet to deliver this information. We have therefore collated as much information as possible through correspondence we have received through the post, advisors to the Company and third parties.

We have dealt with all creditor queries as and when they have been received and dealt with those creditors who have subsequently come to light following our appointment. We have maintained a database as regards creditors' contact details and claims and logged their claims and supporting information.

We have also written to all professional and financial advisors of the Company in order to ascertain information they may hold in respect of the Company.

There are certain tasks that we have a statutory obligation to undertake on appointment and therefore the necessary documents have been filed with the Registrar of Companies and notice of our appointment has been advertised in the London Gazette. We have incurred the cost of £85 to Courts Advertising Limited in this respect. Formal notice of our appointment has also been sent to the Company and to the secured creditor.

We have obtained a statutory bond that is sufficient to cover the value of total realisations during the Administration in order to protect the interests of the Company's creditors. The sums of £20 and £35 have incurred with Marsh Limited and Insolvency Risk Service respectively in this regard.

Freehold and Leasehold Property

Upon appointment we instructed agents, Eddisons Commercial Limited ("Eddisons"), to review and provide a desk top valuation of the freehold and leasehold premises. We also instructed Eddisons t/a Remotezone to attend the premises for insurance and security purposes.

The property is in the initial stages of a complete renovation with the units having been completely stripped out and under extensive construction. We are currently in discussions with the landlord of the leasehold units and the secured creditor, ABLrate Assets Limited ("ABLrate") in order to agree a strategy with regards to the disposal and realisation of the Company's interest in the property.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the estimated statement of financial outcome) are as follows.

Secured creditor

The Company on 15 May 2017 granted ABLrate a 1st and 2nd ranking legal charge over the freehold property, 25 Merthyr Road in respect of two loans provided. The Company also granted a debenture to ABLrate purporting to give a fixed and floating charge over all assets and undertakings of the business. This debenture was created on 20 September 2018 and registered at Companies House on 20 September 2018.

At the date of administration, the settlement figure due to ABLrate was approximately £712,604 with the debt continuing to accrue interest.

It is anticipated that ABLrate will suffer a shortfall on its lending.

Preferential creditors

As the trading bar Miss Jones closed in June 2018, we understand that the Company had no employees and therefore there are no known preferential creditors.

Unsecured creditors

Claims of unsecured creditors are estimated at £5,155. The breakdown of creditors at Appendix 2 is an estimate only and is subject to change following determination of the amounts outstanding. In particular, we understand that there are sums outstanding to a contractor who has carried out the demolition works at the property however it has yet to be determined whether these sums outstanding are due from the Company as the contract appears to be with a separate entity to the Company and the Burningnight group. Investigations in this regard are on-going.

It is anticipated that there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

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

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)).

We have estimated, to the best of our knowledge and belief, the Company's net property, to be £nil and the prescribed part of the Company's net property to be £nil.

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 that 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.

It was not considered possible to achieve objective 3(1)(a) as the Company had a significant level of high interest loans to the secured creditor, for which it was unable to meet the contractual repayments. This was due to the Company not receiving any income following the closure of the bar. The Company's rent was being paid by another company within the group which has subsequently been placed into administration.

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 following matters:

- Realisation of the Company's interest in the freehold and leasehold property,
- Agree the secured creditor claims and distribute funds when available, and
- To continue with investigations and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officers of the Company or any person, firm or company that supplies or has supplied goods or services to the Company.

Following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most cost effective steps to formally conclude the administration.

Exit from Administration

Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we 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.

Compulsory Liquidation

Certain events may arise which mean that it becomes in the Company's interests to move from administration to compulsory liquidation. Such events being that the only remaining matter to deal with is the investigations into the Company's affairs which can be dealt with more practically with the Company in liquidation. As there is no anticipated dividend distribution to unsecured creditors the Company cannot exit administration via creditors' voluntary liquidation.

Extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude an assignment of the lease. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we took steps, following legal advice, to protect the Company's assets for the benefit of creditors which included obtaining as much information as possible on the Company's financial position. Prior to the Court hearing on 7 December 2018 it was necessary to undertake planning in order to implement a strategy to ensure that the Company's assets were safeguarded upon the Court order being made on 7 December 2018 ("the Work").

This Work was carried out before the Company entered administration to ensure that the Company's interest in the premises lease was protected. We consider that the Work has furthered the achievement of the objective of administration being pursued, namely 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).

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	1,959.00	391.80	2,350.80
	O'Haras Limited	900.00	180.00	1,080.00
TOTAL PRE-ADMINISTRATION COSTS		2,859.00	571.80	3,430.80

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("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 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. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

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 (Central) LLP and O'Haras Limited for attending to matters as set out in the fees estimate.

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 each secured creditor and the preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

Appendix 3 sets out our firms' 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 7 December 2018.

Disbursements

We propose that disbursements for services provided by our firms and/or entities within the Begbies Traynor Group, be charged in accordance with our firms' policies, details of which are set out at Appendix 3. These disbursements 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

Since our appointment, the following expenses have been incurred:

- Statutory advertising costs of £85.
- Bond premium of £55.

Agents Fees – Eddisons Commercial Limited and Eddisons Insurance Services Limited

Eddisons are an associated part to the Begbies Traynor Group and require Category 2 approval from creditors. Eddisons are providers of insurance services and chattel/property agents.

Eddisons Commercial Limited have incurred costs in dealing with a desktop valuation of the property and attending the premises to ensure that the property is secure and insurance compliant as well as dealing with the changing of the locks.

Eddisons Insurance Services Limited has provided open cover insurance for the Company since appointment.

Full details of these costs are set out in the attached appendices.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the director 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.

Investigations carried out to date

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Our investigations are on-going.

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 31 January 2019.

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.

12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors.

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 31 January 2019. 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.

A handwritten signature in black ink, appearing to read 'J N R Pitts', with a vertical line extending upwards from the top of the signature.

J N R Pitts
Joint Administrator

Date: 29 January 2019

ACCOUNT OF RECEIPTS AND PAYMENTS**7 December 2018 to 29 January 2019**

S of A £	£	£
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NIL

REPRESENTED BY

NIL

Julian Pitts
Joint Administrator

ESTIMATED FINANCIAL POSITION AS AT 7 DECEMBER 2018

	Notes	Book Value	Estimated to Realise
Fixed Charged Assets			
Freehold Property	1	376,215	Uncertain
Leasehold Property	2	-	-
Less: ABLRate Assets Limited	3	(712,604)	(712,604)
Surplus/(Shortfall)			<u>(712,604)</u>
Floating Charge Assets			
Plant & Machinery	4	686	-
Trade debtors	5	2,413	-
Other debtors	6	24,388	-
Intercompany debtor	7	336,203	-
Available to Preferential Creditors			-
Less: Estimated preferential creditors	8		-
Less: Estimated prescribed part	9		-
Available to Floating Charge Creditors			-
Less: Estimated floating charge creditors			(712,604)
Available to Unsecured creditors			(712,604)
Less: Estimated unsecured creditors	10		(5,155)
Surplus / (shortfall) as regards unsecured creditors	11		<u>(717,759)</u>

ESTIMATED FINANCIAL POSITION AS AT 7 DECEMBER 2018

1. The book value of the Company's freehold property in the Company's last filed accounts dated 31 July 2017 is £376,215. This comprises the consideration paid, solicitors fees, landlord registry fees and stamp duty. We are currently in discussions with interested parties and the secured creditor in relation to a potential sale of the property. The estimated to realise figure is uncertain at this stage.
2. The Company entered into the lease of the leasehold premises in September 2017, paying to the landlord £40,000 on the granting of the lease. The bar closed in June 2018 and is currently an unoccupied renovation project and therefore the estimated to realise figure is nil.
3. ABLRate Assets Limited has a 1st and 2nd ranking legal charge of the freehold property created on 15 May 2017 and registered at Companies House on 17 May 2017. The Company also granted a debenture to ABL Rate Asset Limited purporting to give a fixed and floating charge over the Company's assets
4. The Company's filed accounts to the year end 31 July 2017 stated the book value of the Company's plant and machinery comprising a printer and PC was £658. Our investigations to date have not identified that the Company still owns this equipment however should they still be a Company asset, the costs of realising these assets are likely to outweigh any benefit to the estate.
5. The value of the Company's book debt ledger as at 31 July 2017 was £2,413. This debt was due from Fit Leisure Limited, who we understand were a tenant of the premises. We do not believe that this amount is still outstanding.
6. As at 31 July 2017, the Company stated other debtors due of £24,388. The sum of £20,000 we understand relates to a loan provided to a third party. Our investigations in this regard are on-going and we are corresponding with the third party.
7. As at 31 July 2017, there were intercompany balances due from Burningnight Limited and B & W Logistics Limited in the sum of £306,251 and £29,294 respectively. Burningnight Limited and B & W Logistics Limited are both in administration and it is unknown at present whether there will be a dividend distribution to unsecured creditors. We have made a full 100% provision on these debts.
8. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
9. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

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

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;

- b. Or if the net property is more than £10,000, if the provision is disappplied by the court on the application of the administrator on cost-benefit grounds.
- 10. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
- 11. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.
- 12. Transactions with directors and associates.

Standard practice requires disclosure to the creditors of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of **two years** prior to the commencement of administration, and in the period since the commencement of the administration, or proposed to be undertaken. We are not aware of any transactions however our investigations in this regard are on-going.

Begbies Traynor (Central) LLP
Startermode Limited
B - Company Creditors

Key	Name	Address	£
CH00	H Woodley & Co Limited	Grosvenor House, 8 Park Grove, Cardiff, CF10 3BN	5,154.55
CL00	Abirate Assets Limited	Badgemore House, Gravel Hill, Henley-On-Thames, Oxon, RG9 4NR	712,604.13
2 Entries Totalling			717,758.68

Signature _____

REMUNERATION AND EXPENSES

Total time spent to 29 January 2019 on this assignment amounts to 44 hours at an average composite rate of £286 per hour resulting in total time costs of £12,451.

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

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ O'Haras Limited's charging policy
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis
- ☐ Narrative summary of time costs incurred
- ☐ 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) 2017' 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 we 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 note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

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

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

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

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

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

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

² Ibid 1

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

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

Instruction of Eddisons Commercial Limited to provide a valuation of the assets of the Company and any marketing and disposal advice. The instruction of Eddisons Commercial Limited t/a Remotezone to attend the premises, ensure the property is secure and insurance compliant. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is approximately £750 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case.

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

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

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

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

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

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 Leeds office as at the date of this report are as follows:

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

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

Time is recorded in 6 minute units.

O'Haras Limited Practice Fees and Disbursements Recovery Policy

Time Cost basis

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

Charge out Rates

Grade of Staff	Current Charge out Rate (Effective from 1 January 2013) £ per hour
Director	300 - 400
Senior Manager	250 - 300
Manager	200 - 250
Administrator	175 - 200
Support Staff	150 - 175
Time costs are calculated using 6 minute units.	

These charge out rates are reviewed on 1 January each year and are adjusted to take account of inflation and the firm's overheads

Disbursements

In accordance with Statement of Insolvency Practice 9 (SIP 9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or O'Haras Limited; in the case of the latter, the invoices makes a reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors, either by a direct payment from the estate or where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of Category 1 disbursements are statutory advertising, external meeting room hire, external storage and archiving costs, specific bond insurance, Company search fees, postage, travel expenses and photocopying (where a third party is used).

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the bases of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying (internal), internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered as follows:

Postage:	
1 st Class	£1.10
2 nd Class	£1.00
Airmail	£2.00
Other	According to weight and size
Photocopying	Up to 20p per sheet
Mileage	70p per mile
Internal Room Hire	£25 - £100 per meeting

PROVISION OF SERVICES REGULATIONS SUMMARY SHEET FOR O'HARAS LIMITED

The following information is designed to draw the attention of interested parties to the information required to be disclosed by the Provision of Services Regulations 2009.

Licensing Body

Christopher Brooksbank is licensed to act as an Insolvency Practitioner ("IP") in the United Kingdom by the Insolvency Practitioners Association ("IPA").

Code of Ethics and Rules Governing Actions

All IP's are bound by the rules of their professional body, including any that relate specifically to insolvency. All IPA members are required to act in accordance with the IPA's Ethics Code for Members as well as complying with the Statement of Insolvency Practice (SIP's) and to take account of guidance given by the IPA. Details of the required code of ethics, regulations and guidance can be found at www.insolvency.org.

Complaints

At O'Haras Limited we always strive to provide a professional and efficient service. However, we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of a particular case then in the first instance you should contact the IP acting as office holder (Christopher Brooksbank).

If you consider that the IP has not dealt with your comments or complaint appropriately you should then put details of your concerns in writing to Stephen O'Hara, addressed to our offices situated at Moored House, Snellsins Lane, Cleckheaton West Yorkshire, BD19 3UE who will then endeavour to deal with this.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, if you are not satisfied that your complaint has been resolved or dealt with appropriately, then you may complain to the regulatory body that licenses the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA and you can make submission using an on-line form available at: www.insolvency.gov.uk/ipcomplaints; or you can email: ipcomplaints@insolvency.gov.uk; or you may phone 0300 678 0015 – calls are charged at up to 12p per minute from a land line, or for mobiles, between 3p and 45p per minute if you are calling from the UK.

Professional Indemnity Insurance

O'Haras Limited's professional indemnity insurance is provided by Brunel Professional Risk

VAT

O'Haras Limited is registered for VAT under registration number 975 6645 64.

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME: Startermode Limited

CASE TYPE: Administration

OFFICE HOLDERS: Julian Pitts, Andrew Mackenzie and Christopher Brooksbank

DATE OF APPOINTMENT: 7 December 2018

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

Prior to appointment, the administrators spoke with legal advisors as regards practical, technical and legal aspects of the case to ensure efficient progress and to put a strategy in place ahead of our appointment.

1.4 Complexity of work undertaken prior to appointment

The work undertaken has been relatively straightforward.

1.5 Exceptional responsibilities

The work undertaken by the proposed administrators was of a reasonably complex nature, particularly due to the shareholder action required in order to preserve the value of the Company's assets.

1.6 The proposed Administrators' effectiveness

The strategy for the administration was established quickly in order to achieve the best possible outcome for the Company's creditors.

1.7 The views of the creditors

Given the nature of the appointment it was not possible to obtain the views of the creditors

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

The administrators are seeking a decision of the secured creditor 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.

1.9 Expenses and disbursements 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

No expenses have been incurred prior to our appointment.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2.1 Begbies Traynor (Central) LLP's and O'Haras Limited's policies for charging fees and expenses incurred by office holders is attached at this Appendix.

2.2 The rates charged by the various grades of staff who may work on a case are attached at this Appendix.

Staff Grade	Administration	Assets	Creditors	Other Matters	Travel	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Case planning					0.2	1.2							1.40	563.00	402.14
	Negotiation of sale of business +/- assets															
	Other creditors															
	Secured - correspondence and meetings															
	Meetings and correspondence with directors													3.00	1,485.00	495.00
	Travel															
Total hours by staff grade						0.2	1.2							4.4		
Total time cost by staff grade £						89.00	474.00								2,048.00	
Average hourly rate £						445.00	395.00									465.45
Total fees drawn to date £															0.00	

Time Entry - SIP9 Time & Cost Summary

S592 - Startmode Limited
All Pre Appointment Project Codes
To: 06/12/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.00	0.00	0.00	0.00	3.00	900.00	300.00
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Disbursements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	3.00	0.00	0.00	0.00	3.00	900.00	300.00
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case.

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?

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

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

General case administration and planning

The joint administrators have formulated an appropriate strategy and monitored and reviewed that strategy; including meetings with internal and external independent advisors to consider practical, technical and legal aspects of the case.

We are required to maintain records to demonstrate how the case is administered and to document the reasons for any decisions that materially affect the case. This includes regular updates with staff and regular case management and reviewing of progress. Time spent also includes complying with internal filing and information recording practices, including documenting strategy decisions. We have dealt with the Company's books and records held in storage and uplifted the same, carrying out an inventory of those records.

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

There are certain tasks which the joint administrators have a statutory obligation to undertake during the administration. We have notified the various bodies of our appointment, including creditors and the Registrar of Companies, and advertised our appointment in the London Gazette.

We have also prepared our Statement of Proposals, as we are obliged to do, to provide creditors with a detailed explanation of the reasons for the failure of the Company, the progress made during the administration to date and the work which will be undertaken going forward in order to achieve the objective of the administration.

This work has not benefitted creditors financially but is necessary in accordance with the Insolvency Act and best practice.

Investigations

The joint administrators have a duty to examine the conduct of the Company and its directors in order to identify what assets are available for realising for the benefit of the creditors, including any actions against directors or other parties, such as challenging transactions at undervalue or preferences. Such

investigations will also enable the joint administrators to report to the Insolvency Service on the conduct of the directors so that the Insolvency Services may consider whether disqualification proceedings are appropriate.

We have carried out an initial assessment of the conduct of the Company and its directors. In the early stages of the administration, this work has involved seeking information from third parties and considering information received from creditors and the Company's accountants and seeking information from the Company's directors by means of questionnaire and direct requests.

Realisation of assets

Following appointment, we instructed our agents, Eddisons to provide a desktop valuation of the property. We also instructed Eddisons t/a Remotezone to attend the property to ensure that it was secured and insurance compliant.

We have several discussions with the landlord of the leasehold units and the secured creditor in relation to the freehold unit.

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

We have been in discussions with the secured creditor in respect of the amounts outstanding to them and the secured granted to them by the Company. We have also had discussions with the contractor instructed to carry out works at the property, further details of which are set out in the attached proposals.

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

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

Time has been spent attending internal meetings to discuss practical, technical and legal aspects of the case and to ensure efficient progress.

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

Time Costs Analysis

An analysis of time costs 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.

Our pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Further details of our pre-administration costs are attached at this appendix and referred to at Section 9 in the main body of the statement of proposals.

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

As the administration progresses, updates will need to be made to the strategy dependant upon the outcome of the realisations and investigations. This will include meetings between members of staff to formulate the strategy moving forward and ensure that the strategy is achieved. As detailed above, we are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This will include compliance reviews, internal checklist updates, periodic case reviews and maintaining case files.

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

Compliance with the Insolvency Act, Rules and best practice

The joint administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progression of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

The joint administrators will draft and issue interim progress reports on a six monthly basis to provide an update to the creditors of the progression made during the administration. These documents will be filed at Companies House to meet statutory requirements.

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

Should the administration need to be extended beyond its statutory term of 12 months, the administrators have a duty to seek an extension, firstly from the creditors and subsequently by Order of the Court, should a further extension be required.

The joint administrators will also periodically monitor realisations and compare to the statutory bond level to ensure that sufficient cover is in place at all times in order to protect the interests of the Company's creditors.

Time will be spent in monitoring and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

Investigations

Investigations will include considering the information received from creditors and the Company's accountants and seeking information from the Company's director and other senior staff by means of questionnaires and/or interviews. Time will also be spent reconstructing the financial affairs of the Company.

We will instruct solicitors to assist in pursuing any actions identified if required. It may be necessary to appoint agents to assist in gathering evidence and in exploring further existence and value of assets. If necessary we will liaise with major creditors about further action to be taken.

Time will be spent submitting a report to the Insolvency Service and preparing and submission of a supplementary report is required and assisting the Insolvency Service with its investigations.

It is unclear at present whether the work carried out will lead to any financial benefit to creditors

Realisation of assets

We will continue to correspond with interested parties who have contacted us in relation to purchasing the property, the secured creditor and the landlord of the leasehold units.

We will also determine whether there are amounts outstanding in the sum of £20,000 from a third party and if so, pursue this amount for the benefit of the estate.

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

Time will be spent maintaining the database as regards creditors' contact details and claims, responding to creditors' queries and logging their claims and supporting information

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

If in the event the administration cannot be finalised within the period of one year, it may be necessary to seek an extension from the Company's creditors.

Time will also be spent holding internal and external meetings.

We will also be required to submit statutory VAT and tax returns to HM Revenue & Customs for the administration period.

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

How much will this further work cost?

As detailed in the fee estimate attached at Appendix 3, we estimate the total time costs for the administration to total £47,702. Please be advised that this is just an estimate based upon the time spent on similar historic cases.

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.

SIP9 Startermode Limited - Administration - 80ST955.ADM : Time Costs Analysis From 07/12/2018 To 29/01/2019

Staff Grade	Consultant/Partner	Days for	Site Mgr	Mgr	Asst Mgr	Sur Admin	Admin	Jur Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning			1.2							1.2	474.00	395.00
Case planning												
Administration		3.0	0.3					2.8	0.2	6.4	1,807.50	284.82
Total for General Case Administration and Planning		3.0	1.8					2.8	0.2	7.8	2,305.50	310.72
Compliance with the Insolvency Act, Rules and best practice												
Appointment	1.0		0.3		0.8			3.1	0.2	5.4	1,275.50	236.20
Banking and Bonding									0.1	0.1	14.00	140.00
Case Closure												0.00
Statutory reporting and statement of affairs	0.3		0.5					9.6		15.4	4,060.00	247.56
Total for Compliance with the Insolvency Act, Rules and best practice	1.3		0.8		0.8			12.7	0.3	21.9	5,345.50	244.27
Investigations												
CSCA and investigations	0.3		1.7							2.0	820.00	410.00
Total for investigations	0.3		1.7							2.0	820.00	410.00
Realisation of assets												
Debt collection												
Property business and asset sales	0.9		0.5							0.5	197.50	395.00
Retention of Title/Third party assets			1.2							2.1	919.50	437.88
Total for Realisation of assets	0.9		1.7							2.6	1,117.00	429.82
Trading												
Trading												0.00
Total for Trading												0.00
Dealing with all creditors claims (including employees), correspondence and distributions												
Secured		0.5								0.5	222.50	445.00
Others	0.3									0.3	148.50	495.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions	0.3	0.5								0.8	371.00	463.78
Other matters which includes seeking decisions of creditors, meetings, and litigation, pensions and travel												
Seeking decisions of creditors												0.00
Meetings			0.6							0.6	237.00	395.00
Other								0.5		0.5	70.00	140.00
Tax												0.00
Litigation												0.00
Total for Other matters			0.6					0.5		1.1	307.00	279.08
Total hours by staff grade	2.8	3.5	12.3		0.8			16.1	0.5	38.0		
Total time cost by staff grade	1,386.00	1,557.50	4,858.50		260.00			2,254.00	70.00	10,326.00		
Average hourly rate £	495.00	443.00	395.00	0.00	250.00	0.00	0.00	140.00	140.00			286.83
Total fees drawn to date £											0.00	

Time Entry - SIP9 Time & Cost Summary

S592 - Startemode Limited
All Post Appointment Project Codes
From: 07/12/2018 To: 29/01/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.70	0.00	2.50	0.10	6.30	1,750.00	277.78
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.30	0.00	0.30	75.00	250.00
General Disbursements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	1.00	0.00	0.00	0.00	1.00	300.00	300.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	4.70	0.00	2.80	0.10	7.60	2,125.00	279.61
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

STARTERMODE 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 attached. 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	46.20	11,008.00	238.27
Compliance with the Insolvency Act, Rules and best practice	42.80	11,082.50	258.94
Investigations	42.00	11,385.00	271.07
Realisation of assets	26.50	6,442.50	243.11
Dealing with all creditors' claims (including employees), correspondence and distributions	22.80	5,724.00	251.05
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	6.00	2,060.00	343.33
Total hours	186.30		
Total time costs		47,702.00	
Overall average hourly rate £			256.05

Although the fees estimate indicates that the total time costs for this matter will be £47,702, 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.

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>

Dated: 29 January 2019

Staff Grade	Partner	Director	Sr Mgr	Mngr	Asst Mngr	Sr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	1.00	-	2.00	-	-	-	-	1.00	-	4.00	1,510.00	377.50
Administration	1.00	1.00	2.00	-	-	-	-	1.00	0.20	5.20	1,898.00	365.00
Total for General Case Administration and Planning:	2.00	1.00	4.00	-	-	-	-	2.00	0.20	9.20	3,408.00	370.43
Compliance with the Insolvency Act, Rules and best practice	1.00	-	2.00	-	0.80	-	0.50	3.00	-	7.30	1,992.50	272.95
Appointment	0.50	-	0.50	-	-	-	-	1.00	1.00	3.00	725.00	241.67
Banking and Bonding	1.00	-	3.00	-	-	-	-	4.00	-	8.00	2,240.00	280.00
Case Closure	1.00	-	4.00	-	-	-	-	5.00	-	10.00	2,775.00	277.50
Statutory reporting and statement of affairs	1.00	-	4.00	-	-	-	-	5.00	-	10.00	2,775.00	277.50
Total for Compliance with the Insolvency Act, Rules and best practice:	3.50	-	9.50	-	0.80	-	0.50	13.00	1.00	28.30	7,732.50	273.23
Investigations	2.00	1.00	10.00	-	10.00	-	-	5.00	-	28.00	8,585.00	306.61
CDDA and investigations inc bank, accounts etc	2.00	1.00	10.00	-	10.00	-	-	5.00	-	28.00	8,585.00	306.61
Total for investigations:	2.00	1.00	10.00	-	10.00	-	-	5.00	-	28.00	8,585.00	306.61
Realisation of assets	1.00	-	2.00	-	-	-	-	1.00	-	4.00	1,425.00	356.25
Debt collection inc property, loan accounts, assets	1.50	-	1.00	-	2.00	-	-	-	-	3.50	1,242.50	355.00
Property, business and asset sales	-	-	1.00	-	-	-	-	2.00	-	3.00	675.00	225.00
Retention of Title/Third party assets	-	-	3.00	-	2.00	-	-	3.00	-	10.80	3,342.50	318.33
Total for Realisation of assets:	2.50	-	3.00	-	2.00	-	-	3.00	-	10.80	3,342.50	318.33
Trading	-	-	-	-	-	-	-	-	-	-	-	-
Total for Trading:	-	-	-	-	-	-	-	-	-	-	-	-
Dealing with all creditors claims (including employees), correspondence and distributions	1.00	-	1.00	-	-	-	-	1.00	-	3.00	1,030.00	343.33
Secured	1.00	0.20	3.00	-	-	-	0.60	3.00	-	7.80	2,284.00	294.10
Others	-	-	-	-	-	-	-	-	-	-	-	-
Creditors committee	-	-	-	-	-	-	-	-	-	-	-	-
Total for Dealing with all creditors claims (including employees), correspondence and distributions:	2.00	0.20	4.00	-	-	-	0.60	4.00	-	10.80	3,324.00	307.78
Other matters which includes meetings, tax, litigation, pensions and travel	2.00	-	2.00	-	-	-	-	2.00	-	6.00	1,780.00	296.67
Seeking decisions of creditors	1.00	-	1.00	-	-	-	-	-	-	2.00	890.00	445.00
Meetings	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Tax	1.00	-	1.00	-	-	-	-	1.00	1.00	4.00	1,170.00	292.50
Litigation	-	-	-	-	-	-	-	-	-	-	-	-
Total for Other matters:	2.00	-	2.00	-	-	-	-	1.00	1.00	6.00	2,060.00	343.33
Total hours by staff grade:	14.00	2.20	32.50	-	12.80	-	1.10	26.00	2.20	92.00	28,452.00	-
Total time cost by staff grade:	6,930.00	979.00	12,837.50	-	3,200.00	-	192.50	3,920.00	308.00	-	-	-
Average hourly rate £:	495.00	445.00	395.00	345.00	250.00	225.00	175.00	140.00	140.00	-	-	306.59
Total fees drawn to date £:	-	-	-	-	-	-	-	-	-	-	-	-

Detailed SIP9 Fee Matrix Time & Cost Estimate

Startermode Limited - In Administration

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
101 101 - Case planning	3.00	0.00	3.00	0.00	6.00	1,500.00	250.00
103 103 - General Admin	5.00	0.00	10.00	5.00	20.00	4,000.00	200.00
104 104 - Maintenance of records	0.00	0.00	1.00	3.00	4.00	500.00	125.00
105 105 - Statutory reporting	2.00	0.00	5.00	0.00	7.00	1,600.00	228.57
106 106 - Cashiering	0.00	0.00	1.00	0.00	1.00	200.00	200.00
107 107 - Reviews	2.00	0.00	4.00	0.00	6.00	1,400.00	233.33
Administration & Planning	12.00	0.00	24.00	8.00	44.00	9,200.00	209.09
600 600 - Case Specific	2.50	0.00	5.00	0.00	7.50	1,750.00	233.33
Case specific matters	2.50	0.00	5.00	0.00	7.50	1,750.00	233.33
500 500 - Creditors	2.00	0.00	5.00	1.00	8.00	1,700.00	212.50
502 502 - Claims	1.00	0.00	1.00	2.00	4.00	700.00	175.00
503 503 - Employees	0.00	0.00	0.00	0.00	0.00	0.00	N/A
Creditors	3.00	0.00	6.00	3.00	12.00	2,400.00	200.00
200 200 - Investigations	2.00	0.00	10.00	2.00	14.00	2,800.00	200.00
Investigations	2.00	0.00	10.00	2.00	14.00	2,800.00	200.00
300 300 - Realisation of assets	3.00	0.00	5.00	5.00	13.00	2,400.00	184.62
302 302 - ROT	0.00	0.00	0.00	0.00	0.00	0.00	N/A
303 303 - Debt collection	1.00	0.00	2.00	0.00	3.00	700.00	233.33
Realisation of Assets	4.00	0.00	7.00	5.00	16.00	3,100.00	193.75
Total Hours	23.50	0.00	52.00	18.00	93.50	19,250.00	205.88

STARTERMODE 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, dividends etc.	169.20
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	20.00
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity.	1,000 – 2,000
4.	Agents fees	The fees of our agents, Eddisons Commercial Limited for providing a valuation of the property and attending the property to ensure it is secure and insurance compliant.	1,000 – 1,500
5.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	17.60
6.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	1,000 – 2,000

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.