

AM10

Notice of administrator's progress report



Companies House

TUESDAY



A20 *A7H776JK* #137
23/10/2018
COMPANIES HOUSE

1 Company details

Company number 1 0 1 0 6 6 4 2

Company name in full LETT REALISATIONS LIMITED

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

2 Administrator's name

Full forename(s) MICHELLE

Surname WEIR

3 Administrator's address

Building name/number LAMEYS

Street ENVOY HOUSE

Longbridge Road

Post town PLYMOUTH

County/Region DEVON

Postcode P L 6 8 L U

Country UNITED KINGDOM

4 Administrator's name ①

Full forename(s) JULIE ANNE

Surname PALMER

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

5 Administrator's address ②

Building name/number BEGBIES TRAYNOR (CENTRAL) LLP

Street UNITS 1-3 HILLTOP BUSINESS PARK

Devizes Road

Post town SALISBURY

County/Region WILTSHIRE

Postcode S P 3 4 U F

Country UK

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d 2	d 1	m 0	m 3	y 2	y 0	y 1	y 8
To date	d 2	d 0	m 0	m 9	y 2	y 0	y 1	y 8

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X 

X

Signature date

d 1	d 9	m 1	m 0	y 2	y 0	y 1	y 8
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**LETT REALISATIONS LIMITED
FORMERLY THE TERRACE EXETER LIMITED**

**JOINT ADMINISTRATORS' PROGRESS REPORT
FOR THE PERIOD 21 MARCH 2018 TO 20 SEPTEMBER 2018**

LAMEYS
Envoy House
Longbridge Road
Plymouth
Devon
PL6 8LU

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4. Investigations
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APPENDICES

- A. Receipts & payments account for the period ended 20 September 2018.
- B. Additional information in relation to joint administrators' fees pursuant to Statement of Insolvency Practice 9 (SIP9)

1. Statutory information

Julie Palmer at Begbies Traynor (Central) LLP and I were appointed joint administrators of LETT Realisations Limited ('the Company') on 21 March 2018 by the directors of the Company. The administration is registered in the High Court of Justice, Business 7 Property Courts, Bristol District Registry under reference number 73 of 2018.

The registered office of the Company is c/o Lameys, Envoy House, Longbridge Road, Plymouth, Devon, PL6 8LU and its company number is 10106642.

The Company's previous registered office was 1 Colleton Crescent, Exeter, EX2 4DG and the trading address was at the Terrace, Unit 19, Queen Street Dining, Guildhall Shopping Centre, Exeter, EX4 3FB.

Details of the Company's officers and shareholding is set out below:-

Directors:	Stephen Keough Michael Joseph Hill Alice Tabitha Hill
Secretary:	None appointed
Issued Share Capital:	3,000 ordinary shares of 1p each
Shareholders:	HK4 Group Limited

2. Joint administrators' proposals

As previously advised, the joint administrators must perform their functions with the purpose of achieving one of the following objectives:-

- Rescuing the Company as a going concern;
- 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
- Realising property in order to make a distribution to one or more secured or preferential creditors.

As it was not possible to achieve the first objective, the second objective of achieving a better result for the Company's creditors than would be likely if the Company were wound up without first being in administration was pursued.

Creditors will recall that a sale of the Company's business and assets as a going concern was completed on 21 March 2018, thereby maximising realisations. This will allow the second objective to be achieved in accordance with the proposals as agreed by creditors.

3. Progress of the administration

This report should be read in conjunction with the proposals to creditors dated 28 March 2018.

Attached at appendix A is a receipts & payments account for the period 21 March 2018 to 20 September 2018.

At the date of this report the directors have not submitted a statement of affairs in accordance with paragraph 47(1). However, we do not propose to take any action in this regard as it has not had a detrimental effect on the administration of the case.

Receipts

Sale of the business

As previously advised, the assets of the business, comprising the following, were sold in a pre-packaged sale: -

- Goodwill
- Equipment
- Chattels
- Sellers Records
- Leased asset agreements
- Leasehold property
- Stock – including cash float

The total consideration was £245,000, plus stock of £13,390, of which £120,000 and the stock element were received before completion with a deferred element of £125,000 becoming due upon completion of the lease assignment which was received on 9 May 2018.

Licence fee

As previously reported, the purchaser was granted a licence to occupy the leasehold property of the Company on the completion of the sale of the business and assets whilst consent was obtained from the landlord to assign the lease, which was completed on 1 May 2018. For the period of this report, the purchaser paid the licence fee up to 30 April 2018 totalling £20,711.83 plus VAT.

Statutory interest

The only other receipt in the period covered by this report has been gross bank interest.

Assets remaining to be realised

I am currently carrying out my investigations into the Company. However, due to the nature of these investigations, it is not appropriate at this stage to disclose the detail. I am currently considering two potential actions, but I believe disclosing the detail would be likely to prejudice the potential recovery. Once I am in a position to do so, I will provide creditors with the appropriate detail.

Payments

Pre-appointment

Pre-appointment costs were agreed by secured and preferential creditors on 20 April 2018, and the following payments have been made: -

Lameys	£40,000.00 plus VAT
Begbies Traynor (Central) LLP	£8,000.00 plus VAT
Michelmores Solicitors	£45,160.60 plus VAT
Lambers Smith Hampton	£5,600.00 plus VAT
Thompson Jenner	£1,000.00 plus VAT

Joint administrators' remuneration

The joint administrators have received remuneration in accordance with the fixed fee basis agreed by secured and preferential creditors as follows: -

Lameys	£20,000.00 plus VAT
Begbies Traynor (Central) LLP	£7,000.00 plus VAT (not yet paid)

Further details of the administrators' remuneration are detailed in section 6.

Legal fees

Michelmores solicitors have received post appointment costs of £9,030.86 plus VAT for legal advice received in relation to the lease assignment and assisting with the investigations into the Company.

Agent fees – Lambert Smith Hampton

Lambert Smith Hampton ("LSH") have received post appointment costs of £500 plus VAT for their assistance with the valuation of assets.

Agent fees – D G Barney

D G Barney have received post appointment costs of £90.00 plus VAT in relation to the scheduling of stock.

Rent

As reported above, the purchaser was granted a licence to occupy the leasehold property of the Company on the completion of the sale of the business and assets whilst consent was obtained from the landlord to assign the lease. For the period of this report, rent has been paid to 30 April 2018 in the sum of £20,711.83 plus VAT.

4. Investigations

My investigations into the Company, its directors, former directors and the reason for failure have been carried out in accordance with the relevant legislative requirements, and the appropriate report was submitted to The Insolvency Service. As creditors will be aware, the report is strictly confidential in nature and I am unable to disclose its contents. However, I can confirm, as reported above, following my investigations I am currently investigating a potential transaction at undervalue and also the effect on the Company in relation to the use of associated company PDQ machines.

5. Outcome for creditors

Secured creditors

Barclays Bank Plc ("Barclays") hold a debenture incorporating fixed & floating charges over the Company's assets, which was created on 24 August 2016. The amount outstanding on the agreement is in the region of £270,000.

Preferential creditors

As previously advised, preferential claims relate to employee's wages. We have received claims from:

The Redundancy Payments Office for the amount paid to employees for unpaid wages.

Barclays Bank Plc, which paid the February wages.

HK4 Group Limited, which provided a loan in order that the Company could pay the January wages.

We have competing preferential creditor claims and it is necessary for me to seek legal advice on the ranking of the claims.

Unsecured creditors

I have received 23 claims totalling £187,388.14 with a large number of creditors yet to claim. A dividend from the prescribed part is expected in this matter however, no claims agreement work has been undertaken to date.

Payments to creditors are being held back pending the outcome of my investigations.

6. Joint administrators' remuneration

The basis of the joint administrators' remuneration was approved on 20 April 2018 by secured and preferential creditors on a fixed fee basis as follows: -

Lameys £20,000.00 plus VAT
 Begbies Traynor (Central) LLP £7,000.00 plus VAT (not yet paid)

The work carried out in relation to the fixed fee in the period covered by this report is presently in line with the fee estimate and has been primarily as a consequence of dealing with matters associated with dealing with the general administration of the case. The following activities have been undertaken:-

- Necessary administration and planning of the administration, including progress meetings, case reviews and general management.
- Preparation of the creditors' reports, and all other statutory duties.
- Cashiering, reconciliation of account and receipts & payments accounts.
- Liaising and dealing with calls and correspondence from creditors, including Crown departments, former employers and trade/expense creditors.
- General investigation into the affairs of the Company, including investigation into specific antecedent transactions.
- Collecting deferred consideration
- Liaising with landlord and purchaser in relation to lease assignment and collection of licence fee.
- Correspondence with the secured creditor.
- Scheduling of unsecured creditor claims.

Set out below are details of the expenses incurred during the period covered by this report.

Nature of Expense	Amount	
Pre-appointment costs: Lameys	£40,000.00	Paid
Begbies Traynor (Central) LLP	£8,000.00	Paid
Legal fees - Michelmores	£45,160.60	Paid
Agent's fees – Lambert Smith Hampton	£5,600.00	Paid
Accountancy fees – Thompson Jenner	£1,000.00	Paid
Statutory advertising	£81.45	Paid
Statutory bonding	£138.00	Paid
Agents fees – D G Barney	£90.00	Paid
Agents fees – Lambert Smith Hampton	£500.00	Paid
Legal fees – Michelmores	£9,030.86	Paid
Rent	£20,711.83	Paid
Land Registry fees	£193.00	Paid
Swearing fee	£5.00	Paid
Companies House fee	£10.00	Paid
Bank charges	£3.40	Paid
Van hire & fuel	£84.16	Paid
Lameys disbursements – Postage	£167.05	Paid
Lameys disbursements – Mileage	£90.29	Paid

Attached at appendix B is additional information in relation to Begbies Traynor (Central) LLP and Lameys policy on staffing, the use of sub-contractors, disbursements and creditors' rights in respect of remuneration and expenses.

7. Ending the administration

On present information, it remains unlikely that there will be sufficient funds to allow a distribution to be paid to unsecured creditors, other than by way of the prescribed part. Therefore, the most appropriate exit route is that of dissolution of the Company. In this situation the joint administrators will file the appropriate notice at Companies House.



MICHELLE WEIR
JOINT ADMINISTRATOR

**LETT REALISATIONS LIMITED FORMERLY THE TERRACE EXETER LIMITED
ADMINISTRATION**

**RECEIPTS & PAYMENTS ACCOUNT
21 MARCH 2018 TO 20 SEPTEMBER 2018**

Estimated to realise per Statement of Affairs			TOTAL TO DATE
	<u>Fixed Charge Assets</u>		
£	RECEIPTS	£	
1	Goodwill		1.00
1	Fixed charge balance of funds c/fwd		1.00
	<u>Floating Charge Assets</u>		
£	RECEIPTS	£	
244,999	Sale Proceeds		244,999.00
13,390	Stock		13,390.18
571	Cash on site		570.90
	Licence Fee		20,711.83
	Interest		10.32
<u>254,870</u>			<u>279,682.23</u>
	PAYMENTS	£	
	Pre Administration Costs		
	Lameys		40,000.00
	Begbies		8,000.00
	Legal Fees - Michelmores		45,160.60
	Agents Fees - Lambert Smith Hampton		5,600.00
	Accountancy Fees - Thompson Jenner		1,000.00
	Administrators Remuneration - Lameys		20,000.00
	Legal Fees - Michelmores		9,030.86
	Statutory Bonding		138.00
	Rent		20,711.83
	Repayment of ROT		1,546.43
	Land Registry		193.00
	Deferred consideration overpayment - Michelmores		4,090.00
	Agents Fees		590.00
	Advertising		81.45
	Swearing Fee		5.00
	Companies House		10.00
	Postage		167.05
	Mileage		90.29
	Bank Charges		3.40
	Van Hire		84.16
			<u>156,502.07</u>
	Floating charge balance of funds c/fwd		<u>123,180.16</u>
	Floating charge balance of funds held b/fwd		123,180.16
	Fixed charge balance of funds held b/fwd		1.00
	Balance of Funds Held		<u>123,181.16</u>
	Held as:		
	VAT receivable		26,188.69
	Balance at bank		<u>96,992.47</u>
	Total		<u>123,181.16</u>

Notes.

1 Receipts & Payments are stated net of VAT

APPENDIX B

LAMEYS ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS FEES AND EXPENSES

1 Policy

*Detailed below is Lameys policy in relation to -
Staff allocation and the use of sub-contractors
Professional advisors
Disbursements*

1.1 Staff allocation and the use of sub-contractors

Lameys general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, Manager, Senior and Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Seniors/Assistants may be allocated to meet the demands of the case.

It has been my policy as Administrator to delegate the routine administration of the case to senior staff in order to maximise the cost effectiveness of the work performed. These staff are supervised by the Administrator. Any matter of particular complexity or significant that requires responsibility of exceptional kind will be dealt with by the Administrator or a Partner.

In common with all professional firms, the Administrator's scale rates increase from time to time over the period of the administration of each Insolvency case. Lameys or any successor firm reserves the right to change the rates and grade structure.

Lameys does not utilise the services of any sub-contractors.

1.2 Professional advisors

On this assignment I have used the professional advisors listed below. I have also indicated alongside, the basis of my fee arrangement with them, which is subject to review on a regular basis.

Professional Advisor	Nature of Work	Basis of Fee Arrangement
Michelmores solicitors	Legal advice	Time cost basis
Lambert Smith Hampton	Asset valuers	Time cost basis
Thompson Jenner	Accountancy advice	Fixed fee basis
D G Barney	Stock valuers	Fixed fee basis

The choice was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Lameys seeks to recover those expenses and costs that constitute Category 1 disbursements, if funds permit.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. It is Lameys policy not to charge for Category 2 disbursements, other than business mileage at the published rate.

2 Requests for further information/Rights to challenge remuneration and expenses

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

The Administrator must provide the requested information within 14 days unless he considers that, the time or cost involved would be excessive; disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person; or the Administrator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing it.

2.2 If a creditor believes that the Administrator's remuneration is in the circumstances excessive, the basis is inappropriate or the expenses incurred are excessive, he may, subject to certain conditions, make application to Court.

Any such application must be made within 8 weeks of receipt of the Progress Report and can be made by either (a) any secured creditor, (b) any secured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the Court.

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

Instruction of Eddisons Insurance Services Limited 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 costs of insurance cover will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover 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.

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES (Barclays)

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

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	185
Director	185
Senior Manager	185
Manager	185
Assistant Manager	185
Senior Administrator	185
Administrator	185
Trainee Administrator	185
Support	185

Time is recorded in 6 minute units.

AM10

Notice of administrator's progress report



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 **SOPHIE JAMES**

Company name **LAMEYS**

Address **FIRST FLOOR, ENVOY HOUSE**

LONGBRIDGE ROAD

Post town **PLYMOUTH**

County/Region **DEVON**

Postcode **P L 6 8 L U**

Country **UNITED KINGDOM**

DX

Telephone **01752 254912**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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