

The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company
Cobbetts LLP

Company number
OC314724

In the High Court of Justice Chancery Division Companies Court
--

Court case number 855 of 2013
----------------------------------

We  
Mark Granville Firmin  
KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

Brian Green  
KPMG LLP  
St James Square  
Manchester  
M2 6DS

Howard Smith  
KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

Administrators of the above LLP attach a progress report for the period

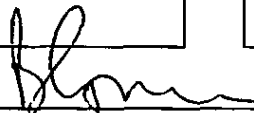
from

to

6 August 2013
---------------

6 December 2013
-----------------

Signed

  
Joint Administrator

Dated

16 December 2013

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Ian Campbell KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW United Kingdom DX Number DX 724440 Leeds		Tel DX Exchange
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When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

FRIDAY



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17/01/2014

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COMPANIES HOUSE



**Cobbetts LLP - in  
Administration**

Progress Report  
for period from 6 August 2013 to  
6 December 2013

Pursuant to Rules 2.47 and 2.112  
of the Insolvency Rules 1986 (as  
amended)

KPMG LLP  
16 December 2013

## **Notice: About this report**

This Report has been prepared by Mark Granville Firmin, Brian Green and Howard Smith the Joint Administrators of Cobbetts LLP, solely to comply with their statutory duty under the Insolvency Act 1986 and the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This progress report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the LLP.

Any estimated outcomes for creditors included in this progress report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency Act 1986 and the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this progress report to any such person.

Mark Granville Firmin and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The Joint Administrators act as agents for Cobbetts LLP and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.

## **Glossary**

Joint Administrators	Mark Granville Firmin, Brian Green and Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
Administration Order	The Administration Order granted by the High Court of Justice, Chancery Division, in respect of Cobbetts LLP on 6 February 2013 Court Administration Order number 855 of 2013
the LLP	Cobbetts LLP (Company registered number OC314724)
Lloyds or the Bank	Lloyds TSB Bank Plc
Management	Nicholas Carr, James Boyd, Guy Jackson, Richard Webb and Paul Inman
Members	As per Appendix 1
Close	Close Asset Finance Limited
SW or Agents	Sanderson Weatherall LLP
Pinsents or Solicitors	Pinsent Masons LLP
IA86	The Insolvency Act 1986
IR86	The Insolvency Rules 1986 (as amended)
DWF	DWF LLP
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
Incasso	Incasso LLP
Wesleyan	Wesleyan Bank Limited
Syscap	Syscap Limited
SRA	Solicitors Regulation Authority
SPA	Sale and Purchase Agreement
NIAA	Notice of Intention to Appoint Administrators

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## 1 Executive summary

- On 6 February 2013, following an application to the Court by the LLP's Members, Mark Granville Firmin, Brian Green and Howard Smith of KPMG LLP were appointed Joint Administrators of the LLP in accordance with Paragraph 12 of Schedule B1 to IA86
- This progress report has been prepared pursuant to Rules 2 112 and 2 47 of the Insolvency Rules 1986 and covers the period from 6 August 2013 to 6 December 2013 ("the Period")
- This is the Joint Administrators second progress report on the Administration and has been prepared for the purpose of seeking an extension to the period of the Administration in accordance with Rule 2 112 of the Insolvency Rules 1986
- The purpose of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up
- The Joint Administrators' Statement of Proposals was approved on 10 April 2013 and has not been modified (see Section 2 - Administrators' Statement of Proposals)
- The Joint Administrators are requesting an extension to the Administration for a period of six months to 5 August 2014 to facilitate realisation of the remaining assets of the LLP and to carry out an orderly exit from the Administration
- It is anticipated that the fixed and floating secured creditor (Lloyds) will receive a dividend for its secured element, and any preferential creditors will be repaid in full with sufficient funds available to make a distribution to the unsecured creditors. As such, a distribution under the prescribed part is unlikely to be necessary as a single dividend distribution will be made to unsecured creditors
- Full details of the relevant statutory information are included by way of Appendices (see Section 5 - Comments on the Appendices and the Appendices)



Brian Green

Joint Administrator

## **2 Joint Administrators' Statement of Proposals**

### **2.1 Statement of proposals and meeting of creditors**

The Joint Administrators' Statement of Proposals was circulated to all known creditors of the LLP on 21 March 2013 together with notice of a meeting of creditors

All known creditors of the LLP were subsequently notified on 12 April 2013 that the Proposals were approved at the meeting of creditors held on 10 April 2013

At the meeting of creditors it was also resolved that a Creditors' Committee be formed, consisting of the following members

- Wesleyan Key Business Finance Limited, PO Box 3420, Colmore Circus, Birmingham B4 6AE represented by Steven Billot of Baker Tilly 66 Chiltern Street, London, W1U 4GB,
- Syscap Limited, Wimbledon Bridge House, 1 Hartfield Road, London SW19 3RU represented by Mark Henry,
- Close Leasing Limited, Olympic Court, Third Avenue, Trafford Park Village, Manchester M17 1AP represented by Liz Wadsworth,
- Andrew Wright of Gowlings UK LLP, 15<sup>th</sup> Floor, 125 Old Broad Street, London EC2N 1AR, and
- New Ireland Assurance Company Plc, 11-12 Dawson Street, Dublin represented by Niall Browne

## **3 Progress of the Administration**

### **3.1 Assets**

#### **3.1.1 Sale of business**

As has been detailed previously, the Joint Administrators agreed a pre-pack sale of the business and certain assets, for a minimum sales consideration of £3,911,497. An analysis of this figure is detailed overleaf, but the key elements are

- 30 pence in the £ of the value of net debtors, being circa £2.1m,

- 30 pence in the £ of the value of net WIP, being circa £1.7m,
- those amounts are taken from the calculations made based on the month end position (31 January 2013) and were subject to a "true up" clause in the SPA to take into account movements up to 6 February 2013, and
- Agent's forced sale valuation in respect of unencumbered office furniture and computer equipment

In addition, an upside agreement has been provided to the Joint Administrators whereby 25% of any debtor and WIP realisations above £9.4m will be paid to the Joint Administrators

As at 31 October 2013, debtor and WIP collections totalled £9.2m. Outstanding WIP and debtors totalled £2.0m and £2.5m respectively. Debtor and WIP realisations are monitored on a monthly basis and arrangements for receipt of any upside to be paid will be made in due course.

The detailed analysis relating to sale of business realisations are

	£
Net debtors and work in progress	3,881,490
Unencumbered office furniture & equipment (Gross realisation £150,000, £120,000 paid to Close in relation to their security)	30,000
The benefit of the Members' overdrawn current and unpaid capital account	1
The benefit subject to the burden of the client contracts & client files	1
The benefit of the supplier contracts and Policies & Health Schemes	1
Stock	1
Records	1
Goodwill	1
Intellectual property	1
<b>Total realisations</b>	<b>3,911,497</b>



To date £3,881,488 has been received, which is the initial sum due in relation to the debtors and Work in Progress (with the exception of a nominal shortfall). The Joint Administrators anticipate that they are holding sufficient surplus licence fees previously paid by DWF to discharge this sum and the net sum due in relation to office furniture and equipment of £30,000.

### 3.1.2 **Member Reserve**

Under the terms of the SPA with DWF, £1.8m has been paid to the Joint Administrators by DWF to be utilised as directed by the Members of the LLP in repayment of sums due to their Professional Practice Loan ("PPL") providers. No payments have been made to date.

These funds are not available to creditors generally and are held in a separate client account specifically set up for these purposes. Consequently this sum is not detailed on the Joint Administrators' receipt and payments account.

### 3.1.3 **Business Rates Refunds**

A sum of £462,537 has been received by way of refund for overpayment of business rates in relation to the LLP's offices in Leeds and Manchester.

The Joint Administrators had instructed GVA to pursue additional rates refunds in respect of the LLP's former trading premises, who have received remuneration of £112,000 for their assistance in securing these refunds, having agreed to work on a contingent fee basis.

### 3.1.4 **Other realisations**

Bank interest of £4,255 has been received during the period.

## 3.2 **Investigations**

The Joint Administrators' have carried out the necessary statutory investigations in this matter and have submitted the appropriate report on the conduct of the Members to the Insolvency Service.

In addition to their statutory investigation, the Creditors' Committee have requested that the Joint Administrators carry out additional investigations, with a view to additional recoveries for creditors, which have included transcribed interviews with certain members and staff of the LLP.

## 3.3 **Liabilities**

### 3.3.1 **Lloyds TSB Bank Plc**

Lloyds holds debenture security supported by fixed and floating charges which was granted on 16 January 2013. This security was granted in order to allow additional funds to be advanced to fund salary payments and drawings to Members.

At the date of the Joint Administrators' appointment, Lloyd's indebtedness was approximately £7.3 million, however, only funds advanced after 16 January 2013 are likely to be covered by Lloyd's security, such funds amount to £2.46 million

The Joint Administrators are currently taking further legal advice in relation to the level of security available to Lloyds

An interim distribution of £1,000,000 has been paid to the Bank during the period. Any shortfall due to the Bank will rank as an unsecured claim

### 3.3.2 Close Asset Finance Limited

Close had financed a large proportion of the LLP's office furniture and equipment at the Leeds, Manchester and Birmingham offices. As part of the sale of business it was agreed that DWF would purchase whatever right, title or interest the LLP had in both the encumbered and unencumbered furniture and equipment for £150,000. As previously reported, Close had agreed to accept £120,000 in full and final settlement of their indebtedness as regards the encumbered items, which was paid in April 2013.

### 3.3.3 Preferential creditors

Upon completion of the sale of business all remaining employees of the LLP were transferred to DWF under TUPE regulations.

The Joint Administrators are currently investigating whether a preferential claim exists in relation to unpaid contributions to the LLPs' occupational defined benefit pension scheme.

The Joint Administrators are currently in correspondence with the Trustees of the pension scheme.

It is anticipated that, should a preferential claim exist, there will be sufficient funds to pay a dividend of 100 pence in the pound.

### 3.3.4 Unsecured creditors

In the Statement of Affairs of the LLP, an amount of £91.6m is shown as due to unsecured creditors.

The Insolvency Act 1986 (Prescribed Part) Order 2003 does apply in this case as the security held by Lloyds was created after 15 September 2003. The prescribed part is calculated as a percentage of the LLP's net property. The LLP's net property is the net amount available to the floating charge holder(s) after the payment of costs and preferential creditors.

It is anticipated that the fixed and floating secured creditor (Lloyds) will receive a dividend for its secured element, and any preferential creditors will be repaid in full with sufficient funds available to make a distribution to the unsecured creditors. As such, a distribution under the prescribed part is unlikely to be necessary as a single dividend distribution will be made to unsecured creditors.

### 3.4 Expenses for the period

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2)

The office holders' time costs for the period of this report are also attached (see Appendix 3)

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Insolvency Rules 1986. A creditors guide to fees can be found at

[http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov20111.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov20111.pdf)

However, if you are unable to access this guide and would like a copy, please contact Ian Campbell on 0113 231 3036

During the Period the Joint Administrators have incurred time costs of £226,324, representing 626 hours at an average rate of £361 per hour. This includes Tax, VAT, Health and Safety and Pensions advice from KPMG LLP in-house specialists. Total time costs incurred during our appointment total £843,967 representing 2,502 hours at an average rate of £337 per hour.

A detailed breakdown of the charge out rates for the duration of the administration is included in Appendix 3 to this Report.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

At a meeting of creditors on 10 April 2013, unsecured creditors voted in favour of forming a Creditors' Committee, who have, to date, passed resolutions that

- the Joint Administrators are authorised to draw fees of £463,681 on account from the assets of the LLP. Also, the Joint Administrators are authorised to draw disbursements £3,207.

The Joint Administrators have drawn remuneration totalling £300,000 in the period.

The Joint Administrators have incurred disbursements totalling £612 during the period of this report, and £3,385 during the engagement. The Joint Administrators have drawn £2,699 in this respect during the period of this report. Future fees and disbursements will be approved by the Creditors' Committee.

Expenses for this period total £400,850 including amounts not yet paid (see Appendix 4 for details) These primarily consist of Administrators' fees, legal fees and Agents' fees in relation to the recovery of Business Rates refunds

#### **3 4 1 Solicitor Manager's fees**

In order to comply with the requirements of the SRA, a Solicitor Manager is required to be appointed where a firm of solicitors enters Administration

The Solicitor Manager is responsible for all of the LLP's client funds, with the primary duty in this case being the transfer of these funds to DWF

Jonathan Jeffries of Pinsents has been appointed to act as Solicitor Manager, and has, during the period, received remuneration of £3,600 for acting in this capacity

#### **3.4.2 Legal fees and disbursements**

Pinsents have provided post-appointment legal advice to the LLP in respect of the following

- validity of the appointment of the Joint Administrators,
- validity of security,
- advice in respect of the Joint Administrators' continuing investigations,
- attendance at Creditors' Committee meetings, and
- general advice in the administration

Legal fees of £53,433 and disbursements of £876 have been paid to Pinsents during the period In addition to this, a sum of £41,183 plus disbursements of £51 have been paid after the period

The Joint Administrators have accrued a further £2,376 in the period in relation to legal fees, however, these costs have not yet been paid

#### **3.4.3 Investigations expenses**

The sum of £6,210 has been paid in the period in relation to IT expenses incurred during the Joint Administrators' continuing investigations

#### **3 4 4 Transcription services**

During the Period the sum of £1,475 has been paid in relation to transcriptions produced of a number of interviews carried out with certain members and staff of the LLP as part of the Joint Administrators' continuing investigations

### 3.4.5 **Rent & service charge**

As was detailed in the Statement of Joint Administrators' Proposals, the Joint Administrators granted DWF licences to occupy the LLPs' former premises in Leeds, Manchester and Birmingham

Payments totalling £29,547 have been made in relation to service charge falling due during the Period of the licence

### 3.4.6 **Business rates refund costs**

As detailed in Section 3.1.3, £112,000 has been paid in the Period to the GVA in relation to assistance provided in securing significant business rates refunds

### 3.4.7 **Other Payments**

In addition to the above bank charges of £120 and storage costs of £6 have been paid

## 4 **Outstanding matters**

### 4.1 **Conclusion of the administration**

The Joint Administrators are still dealing with a number of outstanding issues in respect of the Administration

- monitoring debtor and WIP collections by DWF LLP with a view to collecting any upside which falls due,
- ongoing correspondence in relation to the recovery of prepayments made by the LLP,
- ongoing correspondence regarding the Joint Administrators' investigations,
- facilitating payment to the Bank,
- the surrender of the remaining leases;
- payment of a dividend to the preferential creditors if necessary; and
- the orderly conclusion and exit of the Administration

### 4.2 **Extension of the Administration**

Pursuant to Paragraph 76(1) of Schedule B1 to the Insolvency Act 1986, the administration will automatically terminate at midnight on 5 February 2014, however, the Joint Administrators do not anticipate that the matters outlined in section 4.1 of this report will be concluded by this date and therefore request a six month extension to midnight on 5 August 2014 in order to finalise the outstanding matters in the administration

The Joint Administrators' term in office may be extended for six months by consent of the LLP's creditors. In accordance with Paragraph 78(1) of Schedule B1 to the Insolvency Act 1986, consent is obtained from each of the LLP's secured creditors and unsecured creditors whose debts amount to more than 50% of the unsecured debts of the LLP, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent.

The Joint Administrators therefore propose the following resolution:

- that the period of the administration be extended by six months to midnight on 5 August 2014.

I would draw creditors' attention to the voting form issued alongside this report and would request that this be completed giving your consent or otherwise to this resolution, and return either by e-mail to [ian.campbell@kpmg.co.uk](mailto:ian.campbell@kpmg.co.uk) or to the address shown on the covering letter.

## **5 Comments on the appendices**

### **5.1 Appendix 1: Statutory Information**

### **5.2 Appendix 2: Receipts & payments account for the period 6 August 2013 to 6 December 2013**

#### **Receipts**

Please see Section 3.1 for comments on the receipts during the Period.

#### **Payments**

There have been no payments made during the Period other than those in respect of the Joint Administrators' time costs and expenses detailed in section 3.4 above.

### **5.3 Appendix 3: Analysis of office holders' time costs**

The time costs incurred by the Joint Administrators are attached as Appendix 3, but the activities where most time has been incurred are further analysed below.

#### **5.3.1 Asset Realisation**

The Joint Administrators have incurred time costs of £5,773 (14 hours) dealing with matters related to the sale of the business and assets of the LLP to DWF.

In relation to book debts and WIP, £21,767 (69 hours) has been incurred in the Period by the Joint Administrators in connection to the monitoring of the collection of the LLP's outstanding book debts.

The Joint Administrators will receive 25% of any realisations made by DWF from Cobbetts' debtors and WIP between £9.4m and £22.2m. Significant time has therefore been spent

liaising with DWF to keep up to date with the collection process, as well as reviewing certain balances written off by DWF so that the Joint Administrators are satisfied that a stringent process is being followed before any balances are written off

In addition £3,555 (14 hours) has been incurred by the Joint Administrators matters surrounding the former leasehold premises of the LLP. This process has been complicated by the fact that a number of the surrenders were dealt with on a floor by floor basis.

The Joint Administrators and their staff have been finalising costs, such as rent, utilities and rates, which have been discharged from the payment received from DWF

### **5 3 2 General/creditor correspondence**

Time costs of £13,642 (43 hours) have been incurred in relation to dealing with general correspondence with creditors during the Period

### **5 3 3 Statutory reporting**

In September 2013 the Joint Administrators circulated their first Progress Report to all known creditors of the LLP and time costs of £13,435 (47 hours) were incurred in relation to the preparation and circulation of this report

In addition time costs of £11,640 (29 hours) have been incurred in corresponding with the Creditors' Committee

### **5 3 4 Investigations**

The Joint Administrators have concluded the bulk of their investigations into the affairs of the LLP and the conduct of the Members which has enabled the submission of the Joint Administrators' report to the Insolvency Service. Extensive additional work has been carried out on the request of the Creditors' Committee, including holding interviews with the Members who previously sat on the Supervisory and Management boards of the LLP

Time costs of £135,062 (354 hours) have been incurred in relation to this matter

## Appendix 1 - Statutory Information

<b>Date of Incorporation</b>	16 August 2005
<b>Company number</b>	OC314724
<b>Previous registered office</b>	58 Mosley Street Manchester M2 3HZ
<b>Present registered office</b>	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
<b>Trading addresses</b>	58 Mosley Street Manchester  4 <sup>th</sup> and 5 <sup>th</sup> Floor No1 Whitehall Riverside Leeds  5 <sup>th</sup> and 6 <sup>th</sup> Floor No 1 Colmore Square Birmingham  70 Grays Inn Road London
<b>Assured Equity Members</b>	A Bhaseen D Frankland N Frost J Graham N Gupta D Hamer P Harman C Haslam D Hope L James



	S McGrath J Moritz R St John Williams J Steele A Walker G Whittell R Drake D Armitage A Bennett J Bennett R Berry J Carr C Corry S Green J Hepworth V King I Moran D O'Gorman L Peters E Roe J Speed P Tate J Wright F Anderson J Bessey N Gardner M Gibson K Halliday I Hiersic M Mcmorrow N Mears K Mills R Potgieter H Stephens
<b>Defined Equity Members</b>	M Copestake P Stone A Simpson D Hymas
<b>Variable Equity Members</b>	M Barker S Benson J Boyd P Brown T Cloynes S Fitzgerald

	J Hailey S Hall P Inman K Jaquiss P Johnson R Turnbull R Webb N Carr J Crew A Flounders J Green G Jackson C Ramage A Cutler A Leach G Muth A Norman A Watson R Whittingham
<b>Salaried Members</b>	D Luty
<b>Company secretary</b>	N/A
<b>Employees</b>	439

## Appendix 2 -Office holders' receipts and payments account for the period 6 August 2013 to 6 December 2013

### Cobbetts LLP (In Administration) Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 06/08/2013 To 06/12/2013	From 06/02/2013 To 06/12/2013
53,921 00	<b>FIXED CHARGE ASSETS</b>		
	Fixtures & fittings	NIL	NIL
		NIL	NIL
(53,921 00)	<b>FIXED CHARGE CREDITORS</b>		
	Close Leasing Limited	NIL	120 000 00
		NIL	(120 000 00)
95 079 00	<b>ASSET REALISATIONS</b>		
	Furniture & equipment	NIL	NIL
	Motor vehicles	NIL	14,500 00
	Stock	NIL	1 00
1 808,234 00	Work in progress	NIL	1 808,234 00
2,081,323 00	Book debts	NIL	2,073,247 44
	Goodwill	NIL	6 00
60,092 00	Cash at bank	NIL	62 35
	Rates refunds	462,536 69	519,396 26
		462,536 69	4 415,447 05
	<b>OTHER REALISATIONS</b>		
	Bank interest gross	4,255 25	7 086 55
	Petty Cash	NIL	4 672 68
	Sundry refunds	NIL	3,310 27
	Licence fees	NIL	921 893 34
	Licence fee - Service Charge	NIL	49 458 00
811,281 00	Unbilled disbursements	NIL	NIL
53,574 00	Prepayments	NIL	NIL
42,989 00	Amounts due from former partners	NIL	NIL
		4,255 25	986,420 84
	<b>COST OF REALISATIONS</b>		
	ING Lease	NIL	6,313 59
	Meeting room hire	NIL	318 75
	Sub contractor costs	NIL	450 00
	Pre appointment legal fees	NIL	169,367 00
	Pre appointment Counsel fees	NIL	68,500 00
	Administrators' fees	300 000 00	300 000 00
	Administrators' Expenses	2,699 41	2,699 41
	Solicitor Manager's fees	3 600 00	28 825 00
	Agents'/Valuers' fees	NIL	5,000 00
	Legal fees	53 433 10	92,072 80
	Legal disbursements	875 77	4,222 84
	Investigations expenses	6,210 00	6,210 00
	Transcription services	1 475 00	1 475 00
	Business rates refund costs	112,000 00	112,000 00
	Storage costs	5 94	64 65
	Statutory advertising	NIL	938 02
	Rent	29,546 67	586 032 60
	Insurance of assets	NIL	106 00
	Bank charges	120 00	260 00
		(509,965 89)	(1,384,855 66)
(16 667 00)	<b>PREFERENTIAL CREDITORS</b>		
	Contrib to pension schemes	NIL	NIL

**Cobbetts LLP**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 06/08/2013 To 06/12/2013	From 06/02/2013 To 06/12/2013
		NIL	NIL
	<b>FLOATING CHARGE CREDITORS</b>		
(3,457,175.00)	Floating charge	1,000,000.00 (1,000,000.00)	1,000,000.00 (1,000,000.00)
	<b>UNSECURED CREDITORS</b>		
(2,711,986.00)	Trade & expense	NIL	NIL
(38,535.00)	EP(C)A bal & redundancy	NIL	NIL
(662,968.00)	Former partners	NIL	NIL
(3,110,287.00)	Banks/Institutions	NIL	NIL
(1,268,365.00)	Non-preferential NIC	NIL	NIL
(1,425,630.00)	Non-preferential VAT	NIL	NIL
(75,685,740.00)	Rent & lease liabilities	NIL	NIL
(3,623,117.00)	Third party lending	NIL	NIL
(3,100,000.00)	Pension deficit	NIL	NIL
		NIL	NIL
<b>(90,144,898.00)</b>		<b>(1,043,173.95)</b>	<b>2,897,012.23</b>
	<b>REPRESENTED BY</b>		
	Floating ch. VAT rec able		315,348.81
	Floating charge current		2,769,954.73
	Floating ch. VAT payable		(194,270.26)
	Floating ch. VAT control		5,978.95
			<b>2,897,012.23</b>

## Appendix 3 - Analysis of office holders' time costs for the period 6 August 2013 to 6 December 2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
<b>Bankrupt/Director/Member</b>							
Reports to OR on conduct			1 70		1 70	£450 50	£265 00
<b>Cashiering</b>							
General (Cashiering)	3 20		5 50		8 70	£3,032 50	£348 56
Reconciliations (& IPS accounting reviews)			0 70		0 70	£181 00	£258 57
<b>General</b>							
Fees and WIP	1 80		2 30		4 10	£1,610 50	£392.80
<b>Statutory and compliance</b>							
Appointment and related formalities	0 20				0 20	£97 00	£485 00
Checklist & reviews		3 60	8 80		12 40	£3,186 00	£255 32
Reports to debenture holders	2 50	4 00			6 50	£2,952 50	£454 23
Statutory receipts and payments accounts			0 60		0 60	£150 00	£250 00
Strategy documents	7 90				7 90	£4,207 50	£532 59
<b>Tax</b>							
Post appointment corporation tax		0 40			0 40	£168 00	£420 00
Post appointment VAT	3 10	2 50	1 80		7 40	£2,956 00	£399 46
<b>Creditors</b>							
<b>Committees</b>							
Meetings	3 50	4 00			7 50	£3 517 50	£469 00
Reports	0 20	21 00			21 20	£8,122 00	£383 11
<b>Creditors and claims</b>							
General correspondence	2 40	22 00	18 80		43 20	£13,642 00	£315 79
Legal claims	1 50				1 50	£847 50	£565 00
Secured creditors	0 30				0 30	£145 50	£485 00
Statutory reports	12 10	5 00	29 90		47 00	£13,435 00	£285 85
<b>Employees</b>							
Pensions reviews		0 60	2 40		3 00	£663 00	£221 00
<b>Investigation</b>							
<b>Directors</b>							
Correspondence with directors		61 50	23 00		84 50	£27,716 50	£328 01
D form drafting and submission	81 00	13 00	18 70		112 70	£49,965 50	£443 35
Directors questionnaire / checklist	3 00				3 00	£1,535 00	£511 67
Statement of affairs	0 50				0 50	£282 50	£565 00
<b>Investigations</b>							
Correspondence re investigations	0 30	130 00	8 30		138 60	£49,891 00	£359 96
Preferences / transactions at undervalue	0 30				0 30	£145 50	£485 00
Review of pre-appt transactions	4 60	7 00	2 70		14 30	£5,525 50	£386 40
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Debtors	5 10	25 00	37 20		67 30	£21,099 00	£313 51
Leasehold property	0 60	2 00	11 10		13 70	£3,554 50	£259 45
Open cover insurance	1 70				1 70	£824 50	£485 00
Other assets	2 80		3 90		6 70	£2,391 50	£356 94
Rent			2 10		2 10	£556 50	£265 00
Sale of business	5 00				5 00	£2,825 00	£565 00
Stock and WIP	0 50	1 00			1 50	£667 50	£445 00
<b>Total in period</b>					<b>626 20</b>	<b>£226 324 00</b>	<b>£361 42</b>
Brought forward time (appointment date to SIP9 period start date)					1,876 00	£617,642 75	
SIP9 period time (SIP9 period start date to SIP9 period end date)					626 20	£226,324 00	
Carry forward time (appointment date to SIP9 period end date)					2,502 20	£843,966 75	

**Joint Administrators' charge out rates for the period 6 August 2013  
30 September 2013**

<b>Grade</b>	<b>From 1 October 2012 £/hr</b>
<b>Partner</b>	565
<b>Associate Partner</b>	485
<b>Director</b>	485
<b>Senior Manager</b>	450
<b>Manager</b>	365
<b>Senior Administrator</b>	250
<b>Administrator</b>	185
<b>Support</b>	115

**Joint Administrators' charge out rates for the period 1 October to 6  
December 2013.**

<b>Grade</b>	<b>From 1 October 2013 £/hr</b>
<b>Partner</b>	565
<b>Associate Partner</b>	485
<b>Director</b>	485
<b>Senior Manager</b>	475
<b>Manager</b>	385
<b>Senior Administrator</b>	265
<b>Administrator</b>	195
<b>Support</b>	120

## Joint Administrators' disbursements for the period 6 August 2013 to 6 December 2013

Expense Name	£
Mileage	384 33
Mailing Charges	228 15
<b>Total</b>	<b>612.48</b>

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

**Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

**The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:**

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 45p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate.

## Appendix 4 - Schedule of expenses for the period 6 August 2013 to 6 December 2013.

Section	Account	Accrued (£)	Paid (£)	Total (£)
Cost of realisations				
-	Administrators' fees	226,324 00		226,324 00
-	Administrators' expenses	464 08		464 08
-	Legal fees	43,559 00	9,873 50	53,432 50
-	Legal disbursements		824 77	824 77
-	Investigations expenses		6,210 00	6,210 00
-	Transcription services		1,475.00	1,475 00
-	Business rates refund costs		112,000 00	112,000 00
-	Storage costs	30 00		30 00
-	Bank charges		120 00	120.00
<b>TOTAL</b>		<b>270,377.08</b>	<b>130,503.27</b>	<b>400,880.35</b>

Creditors are reminded that the basis on which fees have been reported has been agreed by the secured creditor and preferential creditors

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 2 48A IR86 This request must be made within 21 days receipt of the progress report The full text of that rule can be provided on request

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 2 109 IR86 The full text of this rule can also be provided on request



## Extract from the Insolvency Rules 1986

### Insolvency Rules 1986

#### 2 48A Creditors' request for further information

(1) If- (a) within 21 days of receipt of a progress report under Rule 2 47-

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of **at least 5% in value** of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, the administrator for further information about remuneration or expenses (other than pre-Administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

The administrator complies with this paragraph by either—

(a) providing all of the information asked for, or

(b) so far as the administrator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or

(iii) the administrator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

(a) the giving by the administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that

paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

2 109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of **at least 10% in value of the unsecured creditors** (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) An application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2 106,
- (c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under subparagraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the Administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the Administration