

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

7 December 2013

to

6 June 2014

Signed


Joint Administrator

Dated

3 July 2014

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

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COMPANIES HOUSE



**Cobbetts LLP - in
Administration**

**Progress Report
for period from 7 December
2013 to 6 June 2014**

**Pursuant to Rule 2.47 of the
Insolvency Rules 1986 (as
amended)**

**KPMG LLP
1 July 2014**



Cobbetts LLP - in Administration

KPMG LLP

1 July 2014

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.



Cobbetts LLP - in Administration

KPMG LLP

1 July 2014

Glossary

Joint Administrators	Mark Granville Firmin, Brian Green and Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
the LLP	Cobbetts LLP (Company registered number OC314724)
Lloyds or the Bank	Lloyds Bank Plc
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
Wesleyan	Wesleyan Bank Limited
Syscap	Syscap Limited
SRA	Solicitors Regulation Authority
SPA	Sale and Purchase Agreement



Cobbetts LLP - in Administration

KPMG LLP

1 July 2014

Contents

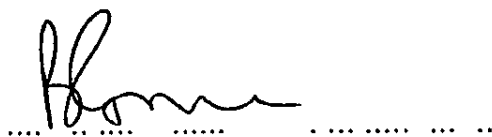
1	Executive summary	1
2	Joint Administrators' Statement of Proposals	2
3	Extension of the period of the Administration	2
4	Progress of the Administration	3
5	Outstanding matters	8
6	Comments on the appendices	8

Appendices

1	Statutory Information
2	Office holders' receipts and payments account for the period 7 December 2013 to 6 June 2014
3	Analysis of office holders' time costs for the period 7 December 2013 to 6 June 2014
4	Schedule of expenses for the period 7 December 2013 to 6 June 2014 plus extract from the Insolvency Rules 1986

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 is the Joint Administrators third progress report and has been prepared pursuant to Rule 2.47 of the Insolvency Rules 1986 and covers the period from 7 December 2013 to 6 June 2014 ("the Period").
- 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 secured 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 payment in full for the secured element of its debt, 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.
- The Joint Administrators will shortly be in a position to conclude the administration and move the LLP into liquidation. The Joint Administrators wrote to unsecured creditors on 20 June 2014 to advise that the Joint Administrators are of the opinion that the prospect of additional realisations for the benefit of creditors may be enhanced if an alternative liquidator were to take the appointment, and proposed that Lyn Vardy and Toby Underwood of PricewaterhouseCoopers LLP take the appointment.
- Full details of the relevant statutory information are included by way of Appendices. (see Section 6 - 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 formerly 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, 15th Floor, 125 Old Broad Street, London EC2N 1AR; and
- New Ireland Assurance Company Plc, 11-12 Dawson Street, Dublin represented by Niall Browne

Since my last progress report, Andrew Wright has resigned as a member of the Creditors' Committee. This resignation has not resulted in the Creditors' Committee becoming inquorate and, as such, it remains in place

3 Extension of the period of the administration

3.1 Report and meeting of creditors

A report was issued to all known creditors of the LLP on 17 December 2013 covering the period to 6 December 2013 and requesting that unsecured creditors approve an extension of the period of the administration of six months to allow the purpose of the administration to be achieved

The extension was duly granted, and a notice was sent to all known creditors on 13 January 2014 advising that the administration would automatically terminate on 5 August 2014

4 Progress of the administration

4.1 Assets

4.1.1 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. Full details of the sale have previously been disclosed in previous progress reports.

To date £3,911,488 has been received, which is the initial net sum due in relation to the debtors and Work in Progress (with the exception of a nominal shortfall). The Joint Administrators have utilised a portion of the surplus licence fees previously paid by DWF to discharge net sum due in relation to office furniture and equipment of £30,000, after deduction of the sum due to Close.

Of these sale proceeds, £3,881,488 was paid in relation to the LLP's Debtor Ledger and Work in Progress. The SPA included a clause that once collections exceed £9.4m, the Joint Administrator will receive 25% of any additional proceeds.

DWF have been reporting to the Joint Administrators on a monthly basis. From the figures that were received up to April 2014, realisations were £378,000 over the £9.4m threshold and, as such, the Joint Administrators are entitled to consideration of £95,000. This has yet to be received.

4.1.2 Member Reserve

Under the terms of the SPA with DWF, £1.8m had 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.

These funds have now been transferred to CRTLR Limited, a company set up by former members of the LLP purely to hold the Members' reserve on trust.

These funds were not available to creditors generally and were 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.

4.1.3 Surplus license fees

Surplus license fees paid by DWF LLP have currently been utilised as follows:

- £150,000 – fixtures and fittings
- £7 – short fall on book debt consideration
- £71,457 – prepaid individual practising certificates
- £29,648 – sums held in office accounts adopted by DWF LLP

- £134,211 – sums prepaid by the LLP where DWF LLP has subsequently taken benefit

The above is discussed in more detail in section 4.3.3

4.1.4 Insurance Refund

The Joint Administrators have secured an insurance refund totalling £117,930 from the LLP's PI insurance. Locktons LLP, the LLP's former Broker, have received £9,500 for their assistance in obtaining this amount. Please note that £3,964 of this refund was received outside the period of this report.

The Wesleyan are contending that, as the premium for insurance policy against which the refund has been received was discharged from money loaned to the LLP by the Wesleyan, under the terms of the loan agreement, any refund is due to them.

Our solicitors are currently investigating the validity of the Wesleyan's claim to these funds

In addition to the above, a smaller refund of £11,961 was received from the cancellation of another of the LLP's insurance policies.

4.1.5 Rates Refunds

A further rates refund of £4,194 was identified and secured in the period, bringing total rates refunds received to £523,591

The Joint Administrators have been contacted by Birmingham Council, who have advised that an element of a payment made to the Joint Administrators was made in error. As such £12,765 has been refunded to Birmingham Council.

4.1.6 Other Realisations

Other realisations total £25,429 in the period. This includes the sum of £16,539 which was received as a settlement of legal fees incurred by the LLP on an old engagement. The Joint Administrators' received confirmation from DWF that this refund was not caught by the sale of Debtor balances, in the SPA.

In addition, petty cash at £1,000 has been recovered; bank interest of £7,796 has also been received together with other debtor receipts of £95.

4.2 Liabilities

4.2.1 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.

It was detailed in my previous report that the Joint Administrators were taking further legal advice in relation to the level of security available to Lloyds, as there was doubt over the validity of the Bank's security over an amount of £263,000 which was automatically debited by Lloyds from the LLP's overdrawn trading account and, as such, were not made available to the LLP to utilise for other purposes

The Joint Administrators' position was that, as the LLP had no control over the monies, Lloyds could not capture the resulting increase in the overdraft under their floating charge.

In order to avoid disproportionate legal costs, the Bank proposed to release their security over 50% of these funds. This proposal was approved by the Creditors' Committee on 6 March 2014. The Bank have since confirmed that their secured claim against the LLP is £2,336,687.

A second interim distribution of £1,000,000 has been paid to the Bank during the period, bringing total distributions to £2,000,000.

The Joint Administrators intend to make a final distribution to the Bank shortly, which will discharge their security in full.

4.2.2 Close Asset Finance Limited

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.

4.2.3 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 LLP's occupational defined benefit pension scheme.

The Joint Administrators are in correspondence with the Trustees of the pension scheme and the Redundancy Payments Office in relation to this issue. In the event that there is a claim, there is uncertainty as to whether this would fall against the LLP, or Cobbetts Employment Services – In Liquidation ("CES"), as it was CES who employed the groups staff.

It is anticipated that, should a preferential claim exist against the LLP, there will be sufficient funds to pay a dividend of 100 pence in the pound, and this would take place following the Liquidators' appointment.

4.2.4 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 Lloyds' secured claim, 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.

4.3 Expenses for the Period

During the Period the Joint Administrators have incurred time costs of £232,438, representing 706 hours at an average rate of £329 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 £1,084,650 representing 3,226 hours at an average rate of £336 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 £602,456 on account from the assets of the LLP. Also, the Joint Administrators are authorised to draw disbursements £3,547.

The Joint Administrators have drawn remuneration totalling £302,456 in the period, for fees incurred in this period and the last period.

The Joint Administrators have incurred disbursements totalling £95 during the period of this report, and £3,628 during the engagement. The Joint Administrators have drawn £848 in this respect during the period of this report. Future fees and disbursements will be approved by the Creditors' Committee.

All of the abovementioned expenditure has also been approved by Lloyds as secured chargeholder.

Expenses for this period total £300,192 including amounts not yet paid (see Appendix 4 for details). These primarily consist of Joint Administrators' fees and legal fees in relation to the recovery of Business Rates refunds.

4.3.1 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;
- the validity of the claim of the Wesleyan over the insurance refund;
- advice in respect of the Joint Administrators' continuing investigations;
- attendance at Creditors' Committee meetings, and
- general advice in the administration.

Legal fees of £65,037 and disbursements of £857 have been paid to Pinsents during the Period. In addition to this an amount of £6,533 has been accrued but not yet paid. A further £1,800 has been accrued but not yet paid in relation to Solicitor Managers Fees.

4.3.2 Investigations expenses

At the request of the Creditors' Committee, a detailed search of the LLP's e-mail server was carried out by KPMG Forensic IT services, at a cost of £30,790.

4.3.3 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

After payment of all property related cost, there remained a surplus of £385,319. The Joint Administrators have utilised this surplus as follows:

4 3 3 1 *Fixtures & Fittings*

As detailed in section 4.1.1 above, a sum of £150,000 was retained to cover the payment owed in relation to the LLP's Office Furniture and Equipment. After deduction of the £120,000 owed to Close, as detailed in section 4 2.2, a surplus of £30,000 has been retained by the Joint Administrators.

4 3 3 2 *Book debts*

A £7 shortfall in the consideration paid by DWF LLP in relation to book debts.

4 3 3 3 *Credit Balance on office accounts*

Total cash of £29,648 remained in various office accounts that were transferred to DWF LLP. It was agreed that sufficient funds be retained from the surplus to cover these amounts.

4.3.3.4 Agreed Prepayments

DWF obtained an element of benefit from certain prepayments made by the LLP, and have therefore agreed that a sum of £134,211 be retained from the licence fee surplus to cover these payments

4.3.3.5 Practising Certificates

Prior to entering Administration, the LLP made payments to the SRA for Practising Certificates for the LLP and its individual members.

The Joint Administrators have taken legal advice which suggests that DWF have benefitted from prepayments made in relation to practicing certificates which had been prepaid in the sum of £164,983.

DWF do not currently accept that they have taken benefit from the prepayments in relation to the practicing certificates and that these were a personal benefit of each solicitor.

The Joint Administrators have currently retained the remaining licence fee surplus of £71,457 against this prepayment whilst discussions with DWF are ongoing.

5 Outstanding matters

5.1 Conclusion of the administration

The Joint Administrators will shortly be in a position to conclude the Administration and move the LLP into Liquidation. The Joint Administrators wrote to unsecured creditors on 20 June 2014 to advise that the Joint Administrators are of the opinion that the prospect of additional realisations for the benefit of creditors as a result of these investigations may be enhanced if an alternative Liquidator were to take the appointment, and proposed that Lyn Vardy and Toby Underwood of PricewaterhouseCoopers LLP take the appointment.

The deadline for voting is 8 July 2014 and the Joint Administrators will advise creditors of the outcome in due course.

6 Comments on the appendices

6.1 Appendix 1: Statutory Information

6.2 Appendix 2: Receipts & payments account for the Period 6 December 2013 to 5 June 2014.

Receipts

Please see Section 4.1 for comments on the receipts during the Period.

Payments

Please see Section 4.3 for comments on payments during the Period.

6.3 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.

6.3.1 Asset Realisation

The Joint Administrators have incurred time costs of £12,363 (34 hours) dealing with matters related to the insurance refund and subsequent claim from Wesleyan detailed in section 4.1 3 above.

In relation to book debts and WIP, £26,016 (93 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. This includes time spent investigating the possibility of making a VAT bad debt relief claim which may result in a realisation of around £200,000 in the Liquidation

The Joint Administrators are entitled to 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 £3,766 (13 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.

6.3.2 General/creditor correspondence

Time costs of £26,504 (84 hours) have been incurred in relation to dealing with general correspondence with creditors during the Period

6.3.3 Statutory reporting

In December 2013 the Joint Administrators circulated a Progress Report accompanying a request to extend the period of the administration to all known creditors of the LLP and time costs of £20,827 (59 hours) were incurred in relation to the preparation and circulation of this report, and the subsequent statutory matters surrounding the extension.



In addition time costs of £34,632 (112 hours) have been incurred in corresponding with the Creditors' Committee, and £9,025 (25 hours) reporting to the secured Chargeholder

6.3.4 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 at the request of the Creditors' Committee.

Time costs of £53,567 (142 hours) have been incurred in relation to this matter.



Appendix 1 - Statutory Information

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

	<p>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</p>
Defined Equity Members	<p>M Copestake P Stone A Simpson D Hymas</p>
Variable Equity Members	<p>M Barker S Benson J Boyd P Brown T Cloynes S Fitzgerald</p>



	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
Salaried Members	D Luty
Company secretary	N/A
Employees	439

Appendix 2 -Office holders' receipts and payments account for the period 7 December 2013 to 6 June 2014.

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

Statement of Affairs		From 07/12/2013 To 06/06/2014	From 06/02/2013 To 06/06/2014
53,921 00	FIXED CHARGE ASSETS		
	Fixtures & fittings	150,000 00	150,000 00
		150,000 00	150,000 00
(53,921 00)	FIXED CHARGE CREDITORS		
	Close Leasing Limited	NIL	120,000 00
		NIL	(120,000 00)
98,079 00	ASSET REALISATIONS		
	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	6 56	2,073,254 00
	Other debtors	94 58	94 58
	Practising certificates	71,453 18	71,453 18
	Goodwill	NIL	6 00
60,092 00	Cash at Bank	29,648 00	29,710 35
	Insurance refund	125,926 59	125,926 59
	Rates refunds	4,194 36	523,590 62
		231,323 27	4,646,770 32
	OTHER REALISATIONS		
	Bank interest, gross	7,795 89	14,882 44
	Petty Cash	1,000 00	5,672 68
	Sundry refunds	16,538 62	19,848 89
	Licence fees	(365,407 41)	556,485 93
	Licence fee - Service Charge	(19,911 33)	29,546 67
811,281 00	Unbilled disbursements	NIL	NIL
53,574 00	Prepayments	134,211 00	134,211 00
42,989 00	Amounts due from former partners	NIL	NIL
		(225,773 23)	760,647 61
	COST OF REALISATIONS		
	ING Lease	NIL	6,313 59
	Meeting room hire	NIL	318 75
	Sub contractor costs	NIL	450 00
	Pro appointment legal fees	NIL	169,367 00
	Pro appointment Counsel fees	NIL	68,500 00
	Administrators' fees	302,456 00	602,456 00
	Administrators' Expenses	847 61	3,547 02
	Solicitor Manager's fees	NIL	28,825 00
	Agents'/Valuers' fees	NIL	5,000 00
	Agents'/Valuers' fees (2)	9,500 00	9,500 00
	Legal fees	65,037 10	157,109 90
	Legal disbursements	856 72	5,079 56
	Investigations expenses	30,790 00	37,000 00
	Transcription services	NIL	1,475 00
	Business rates refund costs	NIL	112,000 00
	Storage costs	150 14	214 79
	Statutory advertising	84 60	1,022 62
	Rent	NIL	586,032 60
	Rates	12,765 00	12,765 00



Cobbetts LLP - in Administration

KPMG LLP

1 July 2014

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

Statement of Affairs	From 07/12/2013 To 06/06/2014	From 06/02/2013 To 06/06/2014
Insurance of assets	NIL	106 00
Bank charges	90 00	350 00
	(422,577 17)	(1,807,432 83)
PREFERENTIAL CREDITORS		
(16,667 00) Conts to pension schemes	NIL	NIL
	NIL	NIL
FLOATING CHARGE CREDITORS		
(3,457,175 00) Floating charge	1,000,000 00	2,000,000 00
	(1,000,000 00)	(2,000,000 00)
UNSECURED CREDITORS		
(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
(90,144,898 00)	(1,267,027 13)	1,629,985 10
REPRESENTED BY		
Floating ch. VAT receivable		17,183 33
Floating charge current		1,582,010 50
Floating ch. VAT control		30,791 27
		1,629,985 10

Appendix 3 -Analysis of office holders' time costs for the period 7 December 2013 to 6 June 2014

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)	3 80		8 60		12 40	£4,005 00	£322 98
Reconciliations (& IPS accounting reviews)			1 60		1 60	£424 00	£265 00
General							
Books and records			4 00		4 00	£780 00	£195 00
Fees and WIP	0 20		5 90		6 10	£1,680 50	£272 21
Statutory and compliance							
Checklist & reviews	2 00		7 85		9 85	£3,032 75	£307 89
Reports to debenture holders	6 00	7 00	10 20		23 20	£8,548 00	£368 45
Statutory receipts and payments accounts			0 30		0 30	£79 50	£265 00
Strategy documents	17 40	3 00	10 50		30 90	£13,216 50	£427 72
Tax							
Post appointment corporation tax	1 40	2 80	1 80		6 00	£2,441 00	£406 83
Post appointment VAT	1 00	1 20	24 30		26 50	£6,117 50	£230 85
Creditors							
Committees							
Meetings	10 00	4 00	24 00		38 00	£13,510 00	£355 53
Reports	0 90	11 50	61 20		73 60	£21,122 00	£286 98
Creditors and claims							
Agreement of unsecured claims			8 50		8 50	£1,267 50	£195 00
General correspondence	10 40	24 50	48 70		83 60	£26,504 00	£317 03
Legal claims	8 50		13 30		21 80	£7,047 00	£350 78
Secured creditors			1 80		1 80	£477 00	£265 00
Statutory reports	16 20	13 00	29 30		58 50	£20,826 50	£356 01
Employees							
Pensions reviews			0 20		0 20	£39 00	£195 00
Investigation							
Directors							
Correspondence with directors	0 50		4 20		4 70	£1,355 50	£288 40
D form drafting and submission	5 20				5 20	£2,538 00	£488 08
Investigations							
Claims against 3rd party advisors			0 30		0 30	£79 50	£265 00
Correspondence re investigations	1 00	102 50	11 00		114 50	£42,942 50	£375 04
Review of pre-appt transactions	4 00	7 00	6 40		17 40	£6,651 00	£382 24
Realisation of assets							
Asset Realisation							
Debtors	2 10	16 50	74 50		93 10	£26,015 50	£279 44
Freehold property	0 40				0 40	£194 00	£485 00
Leasehold property	0 20	1 00	11 60		12 80	£3,572 00	£279 06
Cash and investments	0 90		2 40		3 30	£1,072 50	£325 00
Open cover insurance	0 20				0 20	£97 00	£485 00
Other assets	13 60	3 00	17 10		33 70	£12,382 50	£366 84
Sale of business	2 00				2 00	£1,130 00	£565 00
Stock and WIP			14 00		14 00	£2,730 00	£195 00
Total in period					706 45	£232,437 75	£329 02

Brought forward time (appointment date to SIP9 period start date)

2,519 20 £852,211 75

SIP9 period time (SIP9 period start date to SIP9 period end date)

706 45 £232,437 75

Carry forward time (appointment date to SIP9 period end date)

3,225 65 £1,084,649 50



Joint Administrators' charge out rates for the period 7 December 2013 to 6 June 2014.

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

Joint Administrators' disbursements for the period 7 December 2013 to 6 June 2014

Expense Name	£
Mileage	67.49
Rail Travel	27.60
Total	95.09

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 7 December 2013 to 6 June 2014.

Section	Account	Accrued (£)	Paid (£)	Total (£)
Cost of realisations				
—	Administrators' fees	235,052.75	-	235,052.75
—	Administrators' expenses	81.09	-	81.09
—	Agents'/Valuers' fees	-	9,500.00	9,500.00
—	Legal fees	6,533.30	21,478.10	28,011.40
—	Legal disbursements	-	856.72	856.72
—	Solicitor Managers Fees	1,800.00	-	1,800.00
—	Investigations expenses	-	24,580.00	24,580.00
—	Storage costs	100.00	120.14	220.14
—	Bank charges	-	90.00	90.00
TOTAL		243,567.14	56,624.96	300,192.10

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.