

LIQ03

Notice of progress report in voluntary winding up



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number O C 3 3 7 3 9 7

Company name in full Chalayan LLP

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Jeremy

Surname Karr

3 Liquidator's address

Building name/number 29th Floor

Street 40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

4 Liquidator's name ①

Full forename(s) Simon John

Surname Killick

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number 29th Floor

Street 40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

② Other liquidator

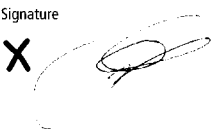
Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report														
From date	d	1	d	6	m	1	m	0	y	2	y	0	2	y	0
To date	d	1	d	5	m	1	m	0	y	2	y	0	2	y	1

7	Progress report											
<input checked="" type="checkbox"/> The progress report is attached												

8	Sign and date														
Liquidator's signature	<div>Signature</div> <div>  </div>														
Signature date	d	1	d	8	m	1	m	1	y	2	y	0	2	y	1

**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 **Elliot Segal**

Company name **Begbies Traynor (Central) LLP**

Address **29th Floor**

40 Bank Street

Post town **London**

County/Region

Postcode **E 1 4 5 N R**

Country

DX

Telephone **020 7262 1199**

**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.

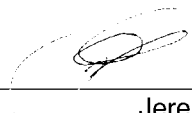
**Further information**

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

**Chalayan LLP
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 16/10/2020 To 15/10/2021 £	From 16/10/2020 To 15/10/2021 £
20,000.00	SECURED ASSETS		
	Goodwill	25,000.00	25,000.00
		25,000.00	25,000.00
NIL	SECURED CREDITORS		
NIL	National Westminster Bank Plc	NIL	NIL
	Ultimate Trade Finance Ltd	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
337.58	Bank Interest Gross	0.44	0.44
Uncertain	Cash at Bank	NIL	NIL
Uncertain	Computers	NIL	NIL
8,360.00	Fixtures & Fittings	NIL	NIL
	Stock	8,360.00	8,360.00
		8,360.44	8,360.44
	COST OF REALISATIONS		
	Agents' Fees	6,138.65	6,138.65
	Insurance of Assets	196.00	196.00
	Joint Liquidators' Fees	6,500.00	6,500.00
	Legal Fees (1)	5,782.50	5,782.50
	Professional Fees	2,187.50	2,187.50
	Specific Bond	67.50	67.50
	Statement of Affairs Fee	8,000.00	8,000.00
	Statutory Advertising	162.00	162.00
		(29,034.15)	(29,034.15)
(5,600.00)	PREFERENTIAL CREDITORS		
(20,089.27)	Arrears of Wages	NIL	NIL
	Holiday Pay	NIL	NIL
		NIL	NIL
(134,042.00)	UNSECURED CREDITORS		
(5,757.40)	Airborne Overseas Ltd	NIL	NIL
(1,064,979.24)	Arrears of Wages (Unsecured)	NIL	NIL
(16,917.90)	Centricus Luxury Fashion GP Limited	NIL	NIL
(50,000.00)	HMRC (VAT & PAYE)	NIL	NIL
(23,957.10)	National Westminster Bank Plc	NIL	NIL
(17,447.00)	Pay In Lieu of Notice	NIL	NIL
(341,563.78)	Redundancy Pay	NIL	NIL
	Trade Creditors	NIL	NIL
		NIL	NIL
(1,651,656.11)		4,326.29	4,326.29
	REPRESENTED BY		
	Bank 1 Current		474.14
	Office		(1,800.00)
	Vat Receivable		5,652.15
			4,326.29


Jeremy Karr
Joint Liquidator

Chalayan LLP (In Creditors' Voluntary Liquidation)

Progress report

Period: 16 October 2020 to 15 October 2021

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the LLP on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the LLP"	Chalayan LLP (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators on 16 October 2020.
"the liquidators", "we", "our" and "us"	Jeremy Karr and Simon Killick of Begbies Traynor (Central) LLP, 29th Floor, 40 Bank Street, London, E14 5NR
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. LLP INFORMATION

Trading name:	Chalayan
Company registered number:	OC337397
Company registered office:	1 King's Avenue, London N21 3NA
Former trading address:	2 Bourdon Street, Mayfair, London W1K 3PA

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced:	16 October 2020
Date of liquidators' appointment:	16 October 2020
Changes in liquidator (if any):	None

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 16 October 2020 to 15 October 2021.

Receipts

The Statement of Affairs ("SOA") disclosed the following assets:

Asset	Book Value (£)	Estimated to Realise (£)
Goodwill	Nil	20,000.00
Stock	39,500.00	8,360.00
Fixtures & Fittings	320.00	Uncertain
Computer Equipment	971.00	Uncertain
Total	<u>40,791.00</u>	<u>28,360.00</u>

We instructed agents, Ashwells Nationwide Services Limited ("Ashwells") to value the assets and carry out a marketing campaign in order to seek a purchaser. Ashwells determined that the value of the business lay in the goodwill and stock given the LLP's reputation and the products that it sold online and from leasehold retail premises in Mayfair, Central London.

There were several expressions of interest and offers made for the assets of the LLP and Airborne Overseas Limited ("Airborne"), an associated company that we are also the Joint Liquidators of. At the recommendation of Ashwells, the highest offer being from Centricus Luxury Fashion GP Limited ("Centricus") was accepted which was £44,399 for the combined assets of the LLP and Airborne. Given that the business of the LLP and Airborne were inextricably linked, Ashwells had sought a purchaser for the business and assets of both.

We instructed solicitors, HCR Sprecher Grier ("HCR"), to prepare a sale and purchase agreement and following some further negotiation, a sale was completed on 25 November 2020 to Mod Limited, a Jersey based entity controlled by Centricus. The sale consideration apportioned to the LLP is as follows:

Asset	Consideration (£)
Goodwill	25,000.00
Stock	8,360.00
Total	<u>33,360.00</u>

We can confirm that the sale consideration was received in full on completion.

Bank Interest Gross

Interest of 44 pence has been earned on the funds held in the estate bank account.

Payments

Specific Bond

The sum of £67.50 was paid to AUA Insolvency Risk Services in respect of insurance which we are required to take out, based on the level of realisations, in accordance with the Insolvency Practitioners Regulations 2005.

Statement of Affairs Fee

Our firm was paid a fee of £8,000 plus VAT for assistance with the preparation of the Designated Members' Statement of Affairs together with convening the meeting of members and decision procedure of creditors. This fee was approved by creditors on 16 October 2020.

Joint Liquidators' Fees

We have drawn fees of £6,500 plus VAT which is discussed further below.

Agents' Fees

Ashwells were paid a fee of £1,955 plus a commission of £5,550 plus VAT for their assistance with valuing, carrying out a marketing campaign and realising the assets of the LLP and Airborne. Of this, £5,628.75 plus VAT was apportioned to the LLP.

Legal Fees

HCR were paid a fee of £5,782.50 for their assistance with preparing and executing the sale and purchase agreement, providing general advice to the Joint Liquidators in relation to the same and procuring the Deed of Release to enable the sale to take place.

Professional Fees

We paid the LLP's former accountants, Skeet Kaye Hopkins, £2,187.50 plus VAT for taxation advice in relation to the LLP and assistance with the sale of the assets.

Statutory Advertising

The sum of £162 plus VAT was paid to EPE Reynell for advertising the notice of resolution to wind up and notice of appointment of liquidators in the London Gazette.

Insurance of Assets

We paid Eddisons Insurance Services Limited, a member of the Begbies Traynor group, the sum of £196 to provide open cover insurance for the physical assets between the date of our appointment and the date that the sale completed. Approval was required from creditors to meet this expense and it was received on 12 November 2020.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

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

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

The details below relate to the work undertaken in the period of this report only.

General case administration and planning

We have maintained files and records, carried out periodic reviews, updated strategy and documented decisions which have materially affected the administration of the case.

This work is necessary in order to comply with statutory duties and demonstrate adequate case management although there is no direct financial benefit to creditors.

Compliance with the Insolvency Act, Rules and best practice

We notified details of our appointment to the Registrar of Companies, members, creditors, the Designated Members, HM Revenue & Customs ("HMRC"), the LLP's bank and accountants. In addition, we advertised the required details in the London Gazette, opened and reconciled the estate bank account and ensured that the case is adequately bonded.

This work is necessary in order to comply with insolvency legislation although there is no direct financial benefit to creditors.

Investigations

We were required to carry out statutory investigations into the conduct of the Designated Members and submit a report to the Insolvency Service within three months of the date of our appointment. This was completed within the relevant time limit although the contents of the report are confidential and cannot be disclosed.

Our regulatory bodies lay guidelines for how we conduct investigations in Statement of Insolvency Practice 2. These include issuing questionnaires to the Designated Members for completion, return and review, inviting creditors to bring to our attention any concerns they may have regarding the conduct of the Designated Members, reviewing the available books and records of the LLP in order to make an assessment as to whether further investigations are needed before submission of the report.

The nature of investigations that we have to undertake means that significant time is spent irrespective of the size of the case. Although there has been no direct financial benefit to creditors of this work, it is necessary in order to comply with insolvency legislation.

Realisation of assets

As detailed above, we completed a sale of the goodwill and stock.

Trading

There has been no trading.

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

We have responded to queries from creditors either verbally or in writing and updated our database with details of claims received.

This work is necessary in order to comply with insolvency legislation although there is no direct financial benefit to creditors.

Other matters which includes seeking decisions from creditors (via Deemed Consent Procedure and/or Decision Procedures, tax, litigation, pensions and travel

We have submitted the required tax and VAT returns to HMRC which is necessary in order to comply with insolvency legislation although there is no direct financial benefit to creditors.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the LLP's creditors were provided in the Designated Members' statement of affairs.

On the basis of realisations to date we estimate an outcome for each class of the LLP's creditors as follows:

Secured creditors

The LLP had the following secured creditors:

- A debenture conferring a fixed and floating charge in favour of National Westminster Bank Plc ("Nat West") which was created on 15 April 2015 and registered at Companies House on 27 November 2015;
- A debenture conferring a fixed and floating charge in favour of Ultimate Trade Finance Limited ("UTF") which was created on 22 July 2016 and registered at Companies House on the same date; and
- A debenture conferring a fixed and floating charge in favour of Ultimate Invoice Finance Limited ("UIF") which was created on 29 July 2016 and registered at Companies House on the same date.

No amounts were listed on the SOA as being owed to these secured creditors and no claims have been received. Since the date of our appointment, memorandums of satisfaction were filed at Companies House in respect of UTF and UIF on 12 November 2020 and on 8 February 2021 in respect of Nat West.

Preferential creditors

Preferential claims in respect of arrears of wages and unpaid holiday were anticipated to be £25,689.27 and the relevant forms were submitted to the Redundancy Payments Office. However, no claims have been received. In any case, it is unlikely that there would be sufficient funds available to enable a distribution to be made to preferential creditors.

Secondary preferential creditors

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

As the date of our appointment preceded 1 December 2020, there are no secondary preferential creditors.

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

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

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

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

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

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

We have received claims amounting to £1,238,652.37. However, due to insufficient realisations, it is unlikely that there will be a distribution to unsecured creditors.

6. REMUNERATION & EXPENSES

Remuneration

Our remuneration has been fixed by a decision of the creditors on 12 November 2020 obtained via a Decision Procedure by way of correspondence by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the winding up as set out in the fees estimated dated 22 October 2020 in the sum of £18,530.

We are also authorised to draw expenses for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, which is attached at Appendix 2 of this report.

Our time costs for the period from 16 October 2020 to 15 October 2021 amount to £30,705.50 which represents 92.6 hours at an average rate of £331.59 per hour.

The following further information in relation to our time costs and expenses is set out at Appendix 2:

- ☐ Time Costs Analysis for the period 16 October 2020 to 15 October 2021
- ☐ Begbies Traynor (Central) LLP's charging policy

To 15 October 2021, we have drawn the total sum of £6,500 plus VAT on account of our remuneration, against total time costs of £30,705.50 incurred since the date of our appointment.

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case and gives the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

As can be seen from the information above, we have exceeded the limit of our approved remuneration. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The principal reason why the approved level of remuneration has been exceeded is due to the extensive time spent in seeking

a purchaser and completing a sale of the assets which necessitated a higher than anticipated level of partner and senior manager involvement.

We confirm that we are not intending to seek approval from creditors to increase our remuneration.

Work undertaken prior to appointment

In addition to the post appointment remuneration, the costs relating to work undertaken prior to our appointment in assisting with the preparation of the statement of affairs and seeking the decisions of creditors on the nomination of liquidators were approved by the creditors on 16 October 2020.

Expenses

To 15 October 2021, we have also drawn expenses in the sum of £229.50 which relate to the costs of the specific bond and statutory advertising as detailed above.

Why have subcontractors been used?

No subcontractors have been used.

Category 2 Expenses

In accordance with the resolution obtained in relation to expenses, the following Category 2 expenses have been charged to the case since the date of our appointment.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
<u>OPEN COVER INSURANCE:</u> Eddisons Insurance Services Limited ("EIS"), which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets.	196.00
TOTAL	196.00

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3 together with a table of future expenses to be incurred.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the liquidation would total £4,029.50. Unfortunately, the expenses that we have incurred so far have exceeded that estimate. The reasons why the estimate has been exceeded are as follows:

- Higher than anticipated fees of agents due to the increased amount of time they spent on valuation and realisation;
- Higher than anticipated legal fees for finalising and executing the sale and purchase agreement; and
- The requirement for assistance from the LLP's former accountants.

8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

The SOA disclosed fixtures and fittings and computer equipment with minimal value. These were determined to belong to Airborne and are included in the sale of its assets as disclosed in our report for that company.

General case administration and planning

We will continue to maintain files and records, carry out periodic case reviews, update strategy and document decisions which materially affect the administration of the case.

This work is necessary in order to comply with statutory duties and demonstrate adequate case management although there will be no direct financial benefit to creditors.

Compliance with the Insolvency Act, Rules and best practice

The Act and Rules require us to produce progress reports, produce a final report, file information with the Registrar of Companies and ensure that the case is adequately bonded.

This work is necessary in order to comply with insolvency legislation although there will be no direct financial benefit to creditors.

Investigations

No further investigations are anticipated.

Realisation of assets

It is not anticipated that any further assets will be realised.

Trading

There will be no trading.

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

We will respond to queries from creditors and update our database with details of claims received. It is not anticipated that there will be sufficient funds to enable a distribution to be made to any class of creditors and therefore claims received will not be formally adjudicated.

This work is necessary in order to comply with insolvency legislation although there will be no direct financial benefit to creditors.

Other matters which includes seeking decisions from creditors (via Deemed Consent Procedure and/or Decision Procedure), tax, litigation, pensions and travel

We will submit the required tax and VAT returns to HMRC which is necessary in order to comply with insolvency legislation although there will be no direct financial benefit to creditors.

In relation to the tax returns, we have calculated that capital gains tax of £3,331.13 has arisen on the sale of the goodwill, which had no value in the LLP's last set of accounts and is therefore considered to be a chargeable gain. As the LLP is not a limited company, we are seeking advice as regards this liability and the funds will be reserved to pay this from VAT receivable which is due into the estate. This has been applied for but HMRC are taking considerable time to process this due to a backlog caused by Covid-19.

How much will this further work cost?

The 'further work' detailed above has always been anticipated, but at this point in the proceedings, it has not yet been completed. As you know, this work is necessary in order that I may complete the liquidation as envisaged. The cost of completing this work will not exceed any amounts approved by creditors previously.

Expenses

We do not expect to incur any further expenses.

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

We estimated that the cost of administering the case would be in the region of £18,530, and subsequently you have provided approval for us to draw our remuneration up to that level. However, as you are aware, due to the fact that there are limited assets, the remuneration that we can draw is limited to the amount that is realised for the assets, (less any costs incurred in realising those assets). At this stage in the liquidation, I can estimate that total remuneration drawn will be in the region of £10,000.

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

9. OTHER RELEVANT INFORMATION

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we are obliged to inform creditors of any sale of the LLP's business or assets which involves a party connected to the LLP. We confirm that the following assets were sold:

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
25 November 2020	Goodwill and stock	£33,360 paid on 25 November 2020	Mod Limited (as nominee of	Common designated member

			Centricus Luxury Fashion GP Limited	
--	--	--	-------------------------------------	--

The offer received from Centricus Luxury Fashion GP Limited was the highest received and therefore was accepted in accordance with our statutory duty to maximise realisations for the estate.

Use of personal information

Please note that in the course of discharging our statutory duties as liquidators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

We will report again in approximately twelve months' time or at the conclusion of the liquidation, whichever is the sooner.



Jeremy Karr
Joint Liquidator

Dated: 18 November 2021

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 16 October 2020 to 15 October 2021

Chalayan LLP
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments
To 15/10/2021

S of A £		£	£
20,000.00	SECURED ASSETS Goodwill	25,000.00	25,000.00
NIL	SECURED CREDITORS National Westminster Bank Plc	NIL	
NIL	Ultimate Trade Finance Ltd	NIL	NIL
Uncertain	ASSET REALISATIONS Fixtures & Fittings	NIL	
Uncertain	Computers	NIL	
8,360.00	Stock	8,360.00	
337.58	Cash at Bank	NIL	
	Bank Interest Gross	0.44	8,360.44
	COST OF REALISATIONS Specific Bond	67.50	
	Statement of Affairs Fee	8,000.00	
	Joint Liquidators' Fees	6,500.00	
	Agents' Fees	6,138.65	
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	Professional Fees	2,187.50	
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	Insurance of Assets	196.00	(29,034.15)
(5,600.00)	PREFERENTIAL CREDITORS Arrears of Wages	NIL	
(20,089.27)	Holiday Pay	NIL	NIL
(341,563.78)	UNSECURED CREDITORS Trade Creditors	NIL	
(17,447.00)	Redundancy Pay	NIL	
(23,957.10)	Pay In Lieu of Notice	NIL	
(50,000.00)	National Westminster Bank Plc	NIL	
(5,757.40)	Arrears of Wages (Unsecured)	NIL	
(134,042.00)	Airborne Overseas Ltd	NIL	
(16,917.90)	HMRC (VAT & PAYE)	NIL	
(1,064,979.24)	Centricus Luxury Fashion GP Limited	NIL	NIL
(1,651,656.11)			4,326.29
	REPRESENTED BY Vat Receivable		5,652.15
	Bank 1 Current		474.14
	Office		(1,800.00)
			4,326.29



Jeremy Karr
Joint Liquidator

COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy; and
- b. Time Costs Analysis for the period from 16 October 2020 to 15 October 2021.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. 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 guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

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

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

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 expenses (approval not required) - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 expenses (approval required) - Items of expenditure that are directly related to the case and either:
 - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
 - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

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

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ☐ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 per meeting;
- ☐ Car mileage which is charged at the rate of 45 pence per mile;

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

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

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £196 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

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

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

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

General Office Overheads.

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 expense:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London West office as at the date of this report are as follows:

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

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

SIP9 Chalayan Llp - Creditors Voluntary Liquidation - 01CH605.CVL : Time Costs Analysis From 16/10/2020 To 15/10/2021

Staff Grade		Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning												0.00
	Administration	6.8		14.8				8.3	0.1	0.5	30.5	10,748.50	352.41
	Total for General Case Administration and Planning:	6.8		14.8				8.3	0.1	0.5	30.5	10,748.50	352.41
Compliance with the Insolvency Act, Rules and best practice	Appointment							4.9	0.4		5.3	913.50	172.36
	Banking and Bonding							0.1	0.1	14.4	14.6	2,047.50	140.24
	Case Closure												0.00
	Statutory reporting and statement of affairs												0.00
	Total for Compliance with the Insolvency Act, Rules and best practice:							5.0	0.5	14.4	19.9	2,961.00	148.79
Investigations	CDDA and investigations	1.8		2.2	0.4			0.1			4.5	1,915.50	425.67
	Total for Investigations:	1.8		2.2	0.4			0.1			4.5	1,915.50	425.67
Realisation of assets	Debt collection												0.00
	Property, business and asset sales	23.9		1.1				0.2			25.2	12,300.00	488.10
	Retention of Title/Third party assets												0.00
	Total for Realisation of assets:	23.9		1.1				0.2			25.2	12,300.00	488.10
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured												0.00
	Others	2.0		0.2				6.7			8.9	2,241.50	251.85
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	2.0		0.2				6.7			8.9	2,241.50	251.85
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors												0.00
	Meetings												0.00
	Other												0.00
	Tax							1.0		2.6	3.6	539.00	149.72
	Litigation												0.00
	Total for Other matters:							1.0		2.6	3.6	539.00	149.72
	Total hours by staff grade:	34.5		18.3	0.4			21.3	0.6	17.5	92.6		
	Total time cost by staff grade £:	17,077.50		7,228.50	138.00			3,727.50	84.00	2,450.00		30,705.50	
	Average hourly rate £:	495.00	0.00	395.00	345.00	0.00	0.00	175.00	140.00	140.00			331.59
	Total fees drawn to date £:											6,500.00	

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Specific Bond	AUA Insolvency Risk Services	67.50	67.50	0.00
Statutory Advertising	EPE Reynell	162.00	162.00	0.00
Agents' Fees	Ashwells Nationwide Services	5,628.75	5,628.75	0.00
	Michael Jones	509.90	509.90	0.00
Legal Fees	HCR Sprecher Grier	5,782.50	5,782.50	0.00
Professional Fees	Skeet Kaye Hopkins	2,187.50	2,187.50	0.00
Total		<u>14,338.15</u>	<u>14,338.15</u>	<u>0.00</u>
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Insurance Premium	Eddisons Insurance Services Limited	196.00	196.00	0.00
Total		<u>196.00</u>	<u>196.00</u>	<u>0.00</u>

ADDITIONAL EXPENSES ANTICIPATED FOR FUTURE WORK

Expenses anticipated to be incurred prior to closure of the case	Name of party with whom expense anticipated to be incurred	Amount estimated to cost £
Capital Gains Tax	HM Revenue & Customs	3,331.13
Total		<u>3,331.13</u>