

AM03

Notice of administrator's proposals



Companies House

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

1 Company details

Company number 0 5 0 3 2 8 9 2

Company name in full CLS Finance Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Lee

Surname Manning

3 Administrator's address

Building name/number 22 York Buildings

Street

Post town London

County/Region

Postcode W C 2 N 6 J U

Country

4 Administrator's name ①

Full forename(s) Mark

Surname Supperstone

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 22 York Buildings

Street

Post town London

County/Region

Postcode W C 2 N 6 J U

Country

② Other administrator

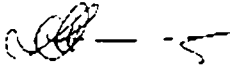
Use this section to tell us about
another administrator.

AM03
Notice of Administrator’s Proposals

6 Statement of proposals

<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
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7 Sign and date

Administrator's Signature	Signature ✕  ✕									
Signature date	<table><tr><td>^d 1</td><td>^d 8</td><td>^m 0</td><td>^m 5</td><td>^y 2</td><td>^y 0</td><td>^y 2</td><td>^y 0</td></tr></table>	^d 1	^d 8	^m 0	^m 5	^y 2	^y 0	^y 2	^y 0	
^d 1	^d 8	^m 0	^m 5	^y 2	^y 0	^y 2	^y 0			

AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	Jake Nixon
Company name	ReSolve Advisory Limited
Address	22 York Buildings
Post town	London
County/Region	
Postcode	W C 2 N 6 J U
Country	
DX	
Telephone	020 7702 9775



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Our ref: ADMUWE01/SJ/NBM/CD/JN/04

18 May 2020

T 020 7702 9775
F 0845 094 1160

TO ALL KNOWN MEMBERS AND CREDITORS
BY UPLOAD ONLY

www.resolvegroupuk.com

Dear Sirs

CLS FINANCE LIMITED – IN ADMINISTRATION (the Company)

Further to recent correspondence informing you of the Administrators' appointment, please find below details of the Administrators' proposals for achieving the purpose of Administration.

Proposals

Our proposals are now available at <http://www.resolvegroupuk.com/creditors-login/>. You will need to enter the following password to access them:

Firm code: RP
Passcode: e518b44f

If you cannot access the proposals on the web-site or otherwise want to request a paper copy free of charge, then please write to Charmaine Doyle at the above address, or email charmaine.doyle@resolvegroupuk.com or phone 020 7702 9775 to request a paper copy.

Approval of proposals

The Administrators are not seeking a decision from the creditors for the reasons set out in the proposals. However, creditors whose debts amount to at least 10 per cent of the total debts of the Company can require me to seek a decision from the creditors. You must make such a request to the Administrators in writing at ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU within eight business days from the delivery of these proposals to you. In light of the current **coronavirus outbreak, the Administrators' office is closed, and my colleagues are working from home.** Accordingly you are encouraged to return any forms or correspondence in respect of this matter by email to my colleague, Charmaine Doyle, by email at charmaine.doyle@resolvegroupuk.com rather than by post.

Any request must be accompanied by a statement of decision you wish to be considered by the creditors, together with a statement of your claim. If necessary to achieve the requisite percentage of creditors to requisition the decision, your request should also be accompanied by a list of the creditors concurring with the request, the amounts of their claims, statements of their claim, and a confirmation of their concurrence. If a decision is not requisitioned within that time period, then the Administrators' proposals will be deemed to have been approved.

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within five business days of the delivery of the notice that accompanies this letter, such requests must be supported by valid proof of their debt if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10 per cent in value or 10 per cent in number of creditors or simply 10 creditors, where "creditors" means "all creditors." In light of the **current coronavirus outbreak, the Administrators' office is closed, and my colleagues are working from home.** Accordingly you are encouraged to return any forms or

correspondence in respect of this matter by email to my colleague, Charmaine Doyle, by email at charmaine.doyle@resolvegroupuk.com rather than by post.

Deemed consent procedure

The Administrators are also convening a deemed consent procedure NOT to form a Creditors' Committee and further are provided in the Administrators' proposals.

To enable you to make an informed decision as to whether you wish to either seek to form a Committee, or to nominate yourself to serve on a Committee, further information about of the role of the Committee and what might be expected from its members has been prepared by R3 and can be found here: <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>.

Further information

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Administrators' Fees' published by the R3 is available at www.resolvegroupuk.com/resources/. A copy of this firm's fee policy is enclosed with the proposals. Please note that there are different versions of the Guidance Notes, and in this case you should refer to the April 2017 version. A hard copy of both documents can be obtained on request from this office.

As an authorised insolvency practitioner I, along with my fellow principals, partners and staff that are also authorised to act as insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out professional work relating to an insolvency.

Further details about this Code and about our internal policies can be found here <http://www.resolvegroupuk.com/policies2>.

If creditors or members have any queries regarding the proposals or the conduct of the Administration in general, they should contact Charmaine Doyle.

Yours faithfully
For and on behalf of
CLS Finance Limited



p.p. Lee Manning
Joint Administrator

For enquiries regarding this correspondence please contact:

Contact name: Charmaine Doyle
Phone number: 020 7702 9775
Email: charmaine.doyle@resolvegroupuk.com

The affairs, business and property of the Company are being managed by the administrator
Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability
Cameron Gunn, Mark Supperstone, Lee Manning, Chris Farrington, Ben Woodthorpe and Simon Jagger are licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales
Please refer to the firm's privacy notice setting out your rights and explaining how your data will be used. The notice can be found on our website here www.resolvegroupuk.com/policies2/.

RE|SOLVE

CLS Finance Limited – in Administration
(the Company)

High Court of Justice Business and Property Courts, Chancery Division, London

Court no: CR-2020-MAN-000364

Administrators' proposals for achieving the purpose of Administration

Date: 18 May 2020

Deemed date of delivery to creditors: 18 May 2020

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- II Administrators' charge out rates, disbursement policy, narrative and fee estimate
- III Schedule of post-appointment time costs from 26 March 2020 to 13 May 2020
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- V Proof of debt
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1. Abbreviations and definitions

Abbreviations and terms that may be used in these proposals:

Abbreviation	Definition
Administrators/we/us/our	Lee Manning and Mark Supperstone
Arkle	Arkle Finance Limited
BEIS	Department for Business, Energy and Industrial Strategy
Close Bros	Close Brothers Limited
CLSF Pension	CLSF SSAS Pension Scheme
Company or CLS	CLS Finance Limited – in Administration
Conister	Conister Bank Limited
CRS	CR Services Limited – in Administration
Customer Contracts	Various hire purchase agreements or credit sale agreements between the Company and consumers
Debenture Lenders	CLSF Pension, LGB and Conister
DOP	Deed of priority of Debenture Lenders' security
The Court	High Court of Justice Business and Property Courts in Manchester, Company and Insolvency List (ChD)
FCA	Financial Conduct Authority
HMRC	HM Revenue & Customs
IA86	The Insolvency Act 1986 (e.g. s248 IA86: section 248 Insolvency Act 1986)
ICAEW	Institute of Chartered Accountants in England & Wales, regulatory authority
IR16	The Insolvency (England and Wales) Rules 2016 (e.g. r3.30 IR16: rule 3.30 Insolvency (England and Wales) Rules 2016)
LGB	Lesmoir-Gordon, Boyle & Co. Limited
Master Agreements	Master Block Funding Agreements
Preferential creditor(s)	Mainly employee claims for unpaid wages earned in the 4 months preceding the administration, up to £800, holiday pay and in certain circumstances, unpaid pension contributions
Prescribed Part	The amount set aside for creditors from floating charge funds in accordance with s176A IA86 and the IA86 Prescribed Part Order 2003
ReSolve / Firm	ReSolve Advisory Limited
RoT	Retention of title: Claims made by suppliers that title of goods supplied to the Company remains with them after delivery to the Company but before payment made
RPS	Redundancy Payments Service, part of the Insolvency Service, an executive agency of BEIS. Authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
Secured creditor(s)	Creditors with security in respect of their debt, in accordance with s248 IA86
Secured Lenders (together or individually a Secured Lender)	Arkle, Close Bros, Conister, LGB, CLSF Pension, Seneca, Shawbrook and Siemens
Seneca	Seneca Secured Lending Limited

Shawbrook	Shawbrook Bank Limited
Siemens	Siemens Financial Services Limited
SIP	Statement of Insolvency Practice. Issued to insolvency practitioners by regulatory authorities. SIPs set out the principles and key compliance standards by which insolvency practitioners are required to operate
SIP 9	This SIP deals specifically with payments to insolvency office holders and their associates
SoA	Statement of Affairs
Unsecured creditor(s)	Creditors that are neither secured nor preferential

2. The purpose of this document

The Administrators previously notified you that Lee Manning and Mark Supperstone were appointed as Joint Administrators of the Company on 26 March 2020.

In this document, the Administrators provide:

- a brief history of the Company;
- the reasons for the Administrators' appointment; and
- The Administrators' proposals for achieving the purpose of Administration.

The Administrators also provide details of the Company's assets and liabilities and the likely outcome for each class of creditor.

The IA86 states the purpose of an administration is to achieve one of these three hierarchical objectives:

- (a) rescue the Company as a going concern; or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration); or
- (c) realise the Company's assets to pay a dividend to secured or preferential creditors.

Objective (a) could not be achieved as the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate. It was also not considered that any party would be interested in acquiring the shares of the Company given the Company had already been put into a runoff position prior to appointment and was no longer writing new business.

As a result, the Administrators are seeking to achieve objective (b) for the Company and will do this by continuing to trade, on a limited basis, the Company in Administration in order to maximise the collection of debtors' balances (detailed further within this report).

The insolvency legislation has set a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If the Administrators are unable to complete the Administration of the Company within 12 months then either an application will be made to the Court, or a meeting of creditors will be convened, in order to seek approval to extending the duration of the Administration.

The Administrators will manage the affairs of the Company until creditors agree our proposals for achieving the objective of this Administration and they have been implemented as far as possible, after which the Administration will end.

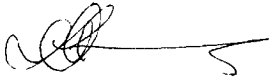
Decision procedure required

As the Administrators are pursuing objective (b), and they do not consider that there will be a distribution to unsecured creditors, save for the Prescribed Part, in accordance with statute, the Administrators are prohibited from seeking a decision from creditors to approve the proposals set out in this report. Further details are provided in Section 8 of this report.

However, a notice of a decision procedure by deemed consent is enclosed at Appendix IV (note this is prepared on the basis NOT to form a Creditors' Committee).

If you have any questions regarding the contents of this document, please contact Charmaine Doyle using the details below.

Signed
For and on behalf of
CLS Finance Limited



Lee Manning
Joint Administrator

For enquiries regarding this correspondence please contact:

Contact name: Charmaine Doyle
Phone number: 020 8066 3887
Email: charmaine.doyle@resolvegroupuk.com

The affairs, business and property of the Company are being managed by the administrator
Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability
Cameron Gunn, Mark Supperstone, Chris Farrington, Lee Manning, Ben Woodthorpe and Simon Jagger are licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales
Please refer to the firm's privacy notice setting out your rights and explaining how your data will be used. The notice can be found on our website here www.resolvegroupuk.com/policies2/.

3. Summary of estimated recoveries for creditors

Estimated outcome for secured creditors

Secured creditors	Claims £	Recovery %	Forecast timing for repayment
Arkle	490,281	58*	First interim dividend paid on 13 May 2020
Conister	10,008,010	58*	First interim dividend paid on 13 May 2020
Close Bros	21,995	58*	First interim dividend paid on 13 May 2020
LGB	2,247,400	58*	Uncertain, ongoing legal correspondence
Seneca	1,110,488	58*	First interim dividend paid on 13 May 2020
Shawbrook	2,968,864	58*	First interim dividend paid on 13 May 2020
Siemens	3,224,973	58*	First interim dividend paid on 13 May 2020
CLSF Pension	752,128	0-11**	Uncertain, ongoing legal correspondence
Total	20,824,139		

**Recovery rate is estimated as per the Company's delinquency report as at 7 May 2020, showing a delinquency rate of 42 per cent (before costs), save for in respect of CLSF Pension, who is anticipated to rank for distribution from the Company's assets only as first ranking floating charge holder. The above does not take into account recoveries from defaulting customers where repossessions occur. Given the level of current delinquency rates, repossession rates may be material and therefore have an impact on recoveries.*

***Recovery rates are based on estimated return from estimated financial position (provided later) under floating charge distribution and before costs.*

Please refer to Section 5 of this report for details regarding the above securities.

Estimated dividend prospects for other creditors

Creditors	Claims £	Recovery %	Forecast timing for repayment
Preferential	2,176	100	6 – 9 months
Unsecured	265,056	0-9%	9 – 12 months

The above summary of the estimated recoveries for creditors is based on information available as at the date of this report.

4. Brief history of the Company and events leading to its Administration

Background

The Company was incorporated 3 February 2004 and trades from Unit 2 Alexandra Street, Hyde, Cheshire SK14 1DX. CLS offers lending to individuals for the purchase of used motor vehicles, specialising in the subprime lending sector.

As a subprime lender, the Company deals with consumers that would otherwise be excluded from obtaining finance. The Company provided customers with either a hire purchase agreement or credit sale agreement (this product was eventually discontinued) to fund the acquisition of a motor vehicle. Customers would then repay these funds on either a weekly or monthly basis.

The Administrators are advised that on an annual basis, the Company provided approximately 5,000 consumers with motor vehicles. CLS received its introductions to clients through its sister company, CRS' network of second-hand motor vehicle dealerships throughout the UK. CRS would provide the motor vehicle to the customer with CLS providing the customer with the finance to fund the acquisition of the same.

Funding of deals was secured through lending from the Secured Lenders either by way of debentures or block master funding arrangements. The agreements involved the specific assignment of individual customer contracts to each of the eight lenders to the Company. The Company's management has also advised that the business was funded by way of net equity investment of £1.8m, together with directors' loans of £170,000 as at the Administrators' appointment.

As a financial intermediary between the Secured Lenders and the individual customers, the Company's business is regulated by the FCA.

The business has historically been profitable. Over recent years, turnover for years ended 31 December 2018 and 31 December 2019 totalled c£5.4m and c£6.3m respectively, resulting in net profits of c£0.31m and £0.27m respectively. This profitability continued in the beginning of 2020, however, following the Covid-19 pandemic, CRS was forced to cease operations. As CLS was reliant on referrals from CRS, this resulted in the immediate cessation of being able to write new business and accordingly, on or around 23 March 2020, the directors placed the Company's deal origination team and some of its operatives on furlough.

The table below shows the Company's recent financial performance:

Profit and loss accounts				Balance sheets			
	3-month period ended 31 March 2020 Management £	Year ended 31 December 2019 Management £	Year ended 31 December 2018 Audited £		As at 31 March 2020 Management £	As at 31 December 2019 Management £	As at 31 December 2018 Audited £
Turnover	1,178,218	6,287,081	5,408,392	Fixed assets	-	-	-
	1,178,218	6,287,081	5,408,392	Current assets	17,633,197	17,254,324	15,569,406
Cost of sales	(392,012)	(2,733,728)	(2,258,692)	Creditors falling due <1 year	(15,806,643)	(15,363,488)	(6,092,806)
Gross profit	786,206	3,553,353	3,149,700	Net current assets	1,826,554	1,890,836	9,476,600
Administrative costs	(682,514)	(3,281,024)	(1,639,278)	Total assets less current liabilities	1,826,554	1,890,836	9,476,600
Operating profit/(loss)	103,692	272,329	1,510,422	Creditors falling due >1 year	(21,338)	-	(7,701,307)
Interest Payable	-	-	(1,121,057)	Total net assets/(liabilities)	1,805,216	1,890,836	1,775,293
Tax	-	-	(73,895)	Capital and reserves			
Net profit/(loss)	103,692	272,329	315,470	Called up share capital	100,000	100,000	100,000
				Reserved Profits	1,601,524	1,518,506	-
				Profit and loss account	103,693	272,329	1,675,293
					1,805,217	1,890,836	1,775,293

Source: Company's Sage accounting software

Please note that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

The circumstances leading to our appointment

As detailed above, as the Company was unable to generate new business as a result of the Covid-19 pandemic, management updated the majority of its Secured Lenders of the position on 23 March 2020. Management also advised of its intention to put the debtors' book into run off and made various requests to the Secured Lenders generally, regarding freezing of interest on their loans and priority of repayments.

Following notification of the above and concerns surrounding their exposure, on 25 March 2020, Conister issued a notice of default and demand in respect of the repayment of its indebtedness. On or around this date, Conister approached ReSolve with a view to acting as Administrators of the Company and, in tandem with Conister's solicitors, were asked to advise on the options available and practicalities of putting the Company into Administration.

Conister's demand remained unpaid and accordingly, on 26 March 2020, a Notice of Appointment of Administrators was filed with the Court, effecting the appointment of Administrators of the Company on the same date.

CRS

As an aside, and in the interests of transparency generally, during the course of the Administration of CLS, investigations indicated that there was an outstanding intercompany balance owing from CRS to CLS of c£1.24m, which was secured by way of a first ranking debenture in favour of CLS. LGB also held a cross guarantee and debenture over CRS in respect of its borrowings from the Company and accordingly served demand on CRS for payment.

LGB approached the Administrators with a view to them also being appointed as Administrators of CRS.

Subsequently, on 15 April 2020 the Administrators were also appointed as Administrators of CRS by LGB as the holder of a qualifying floating charge over CRS.

Prior professional relationships

ReSolve had no professional relationship with the Company prior to our appointment as Administrators.

As previously advised, Conister appointed the Administrators as the holder of a qualifying floating charge over the Company. It should be noted that the Administrators have previously been appointed as Administrators of other entities (entirely independent of and unconnected to CLS) by Conister, in its capacity as secured creditor of those companies. However, this is not considered to cause any conflict of interest that would prohibit the Administrators as acting in respect of the Company.

As part of our routine pre-appointment procedures, we gave careful consideration as to our relationship with the Company and whether it would result in any ethical threats, including conflicts of interest, as set out in the ICAEW's Code of Ethics for Insolvency Practitioners. We cannot be linked to any of the causes of the Company's failure, accordingly we are not precluded from acting as the Company's Administrators. Details of the Code and internal policies relevant to this appointment can be found here www.resolvegroupuk.com/policies2/.

Pre-administration costs

These are costs incurred prior to the Company entering administration but with a view to it doing so.

As per the engagement letter issued to Conister on 25 March 2020, pre-administration costs were proposed to be fixed at £5,000 plus disbursements plus VAT. This sum is outstanding in full.

The payment of unpaid pre-administration costs as an expense of the Administration is a matter requiring a decision of creditors by a decision procedure under r3.52 IR16 and is not part of the proposals subject to approval under paragraph 53 of Sch B1 IA86. The request for approval of the Administrators pre-administration costs will be sought from the Company's chargeholders and preferential creditors in due course.

5. Conduct of the Administration to date and next steps if our proposals are approved

The objective of this Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration) (as previously outlined in Section 2). To achieve this, the Administrators have continued to trade the business, on a limited basis, in Administration in order to maximise the recoveries of the debtors' ledger.

A summary of the matters dealt with since the Administrators' appointments are outlined below:

- Took control of business operations and liaised with suppliers, landlord and employees
- Assessed the viability of continuing to trade the Company in the Administration
- Wrote to the Company's pre-appointment banker, HSBC Bank plc, regarding the credit balances and spent considerable time extracting data on collection which are still (with our consent) being made into the Company's pre-administration bank account to avoid any unnecessary disruption to the rate of collections
- Liaised with the Administrators' banker, HSBC Bank plc, in relation to the opening of a new Administration bank account for the Company
- Attended to initial statutory notifications required following the Administrators' appointments
- Attended weekly teleconferences with the majority of the Secured Lenders to provide updates on the Administration progress, particularly collection of the book debts and the steps to identify the ownership of each sum collected as between the various lenders
- Agreed with Conister for the secondment to the Company of one of its employees, Stuart Reid, to assist with the management of the Company's business and assist with compliance matters, including advice relating to compliance with FCA regulation and best practice
- Liaised extensively with Mr Reid regarding the Company's operations and management of the Company's operations and debt collection team
- Liaised with the FCA regarding the Administration, ongoing trading and compliance matters
- Dealt with pre-appointment FCA complaints with Mr Reid's assistance
- Considered rights and claims of employees under the Coronavirus Job Retention Scheme
- Wrote to two employees placing them on furlough
- Wrote to 12 employees, who were not considered to have any prospect of either assisting the Administrators or working for the business again, to advise them of their redundancy and means by which they may claim their outstanding entitlements from the RPS
- Corresponded with the RPS in relation to the former employees' claims and entitlements
- Wrote to ten employees regarding their continued employment with the Company
- Submitted an application to the HRMC for the two furloughed employees' wages and dealt with the funds upon receipt
- Engaged solicitors, CMS, to conduct the following:
 - Prepare a validity of appointment and security review relating to the Secured Lenders' various agreements
 - Consider and provide advice regarding the furlough of employees
 - Provide advice regarding the CLSF Pension claims as to its priority as a secured creditor under its fixed and floating charge security and other related security priority documentation, and
 - Provide advice regarding the Deed of Priority between the CLSF Pension and LGB.

- Prepared periodic financial updates for the independent Secured Lenders regarding the Administration progress and costs involved specifically with debt collection and run off of the loan book
- Prepared and distributed a first interim distribution to six Secured Lenders under the Administrators' role as debt collection agents for those (seven) independent Secured Lenders who had debts formally assigned to them
- Engaged agents, MAPS Solutions, to assist with security at the Company's property and conduct a GDPR audit
- Engaged pension agents, Clumber Consultancy, to advise of the Company's pension schemes
- Corresponded with third parties who have expressed an interest in purchasing the Company's debtors' ledger
- Corresponded with the Company's internal bookkeeper regarding the Company's financial information
- Correspondence with unsecured creditors and updating our system with their claims when proofs of debt are received
- Conducted preliminary investigations into the Company's affairs
- Drafted these proposals, and
- Addressed statutory duties associated with the Administration.

Sale of business and assets

On appointment, save for the collection of the debtors' ledger, the Company had already been put into run off and accordingly was not writing any new business. Accordingly, with the agreement of the Secured Lenders, it was not considered appropriate to conduct a marketing campaign for the potential sale of the Company's business.

Notwithstanding the above, the Administrators have, in the last two weeks, received expressions of interest from a small number of third parties regarding the potential acquisition of the Company's debtors' ledger. The Administrators have agreed non-disclosure agreements with the parties and are seeking to facilitate information requests. Discussions generally are at an early stage and it is uncertain how these discussions will progress. The Administrators will update creditors in their subsequent report.

It should be noted that consent to any sale of certain of the debtors' ledger will be subject to the consent of certain of the Secured Lenders as those debts are owned by the individual Lender to which they are assigned. Further details are provided later in this report.

Property

The Company operated from the following premises:

Property	Leaseholder	Status at the date of these proposals
Unit 2, Alexandra Street, Hyde, Cheshire SK14 1DX	CLSF Pension	Company currently remains tenant

As noted in the above table, the Company remains as tenant of the premises and has continued to satisfy the ongoing rent obligation throughout the Administration period.

At this time the premises are required by the Company for its continued operations. Accordingly, the Administrators are not presently seeking realise the Company's interest in its leasehold property interest.

Currently no valuation has been obtained to determine whether the premises has any leasehold premium value. However, this will be considered in due course. The Administrators are advised that there is no rent

deposit held which may be recoverable if the Company's leasehold property interest in the same was assigned to a purchaser. The Administrators will update creditors in their subsequent report.

Debtors

The Company's management account balance sheet as at 31 March 2020 indicates the following amounts are due to the Company:

Description	Amount £
Debtors' ledger	15,961,002
Intercompany	1,242,493
Indemnity reserve	215,858
Total	17,419,353

Debtors' ledger

The debtors' ledger relates to amounts owing from consumers in respect of obligations under hire purchase agreements. In all, there are approximately 7,000 individual agreements in place with varying repayment terms and length remaining under the terms of their agreement(s) with the Company.

The significant majority of the Company's debtors' ledger is subject to finance arrangements in favour of the Secured Lenders. The majority of the Secured Lenders' finance arrangements relate to what are known as Master Agreements. The Administrators sought legal advice from CMS on the security arrangements in place. Essentially, the rights to receive debtor receipts vests with the individual Lender that financed the original hire purchase agreement with the customer under the terms of the Master Agreements. On default of the Master Agreements, the Administration being a crystallising/default event, the rights to those debts automatically vest in the individual Lender. As a result, the right to receive those debtors' funds no longer vest with the Company, but with the individual Lender, effectively making those debts third party assets.

Investigations into certain of the Secured Lenders' security is ongoing and whether valid assignment of the receivables has occurred to constitute those receivables as third party assets or whether they are available to the Company's estate. The Administrators, together with CMS, are continuing to liaise with those lenders affected on what is quite a complicated matter.

Due to the volume of the debtors' ledger, the Administrators have continued to operate the Company with consent of all the Secured Lenders, on a limited basis, to facilitate the collection of amounts due to the Secured Lenders and/or the Company. Those operations are ongoing and the Company's debtors' collection function remains in place. The Administrators have also sought the consent of those Secured Lenders, to which the Master Agreements apply, to continue collecting those receivables on their behalf as collection agent. The Administrators have also sought their consent to the deduction of costs for the run off of the debtor book from the realisations made on a pro rata basis, based on the level of realisations achieved for each particular Secured Lender. Further details are provided later in this report.

Following collection of debtors' sums, the amounts are allocated to the Lender to which they relate and will then be distributed periodically, after the costs allocation, to that Lender.

As at 13 May 2020, collections post Administration totalled £895,954. Further recoveries are being made on a daily basis as and when customers pay. Of this sum, as at 30 April 2020, £12,697 was received in respect of "other" or "free" collections which, presently are not considered to be assigned to any specific lender and may be available to the Company's estate generally for the benefit of the floating charge holders.

As at 30 April 2020, the Company's debtors' ledger showed a delinquency rate (i.e. percentage of agreements in arrears) of 42 per cent. Delinquency rates are higher than would be anticipated, however this is considered to be as a result of the wider financial climate resulting from the Covid-19 pandemic, exacerbated by the subprime consumer-based lending space that the Company operated in. The Company's collections team are working with customers in accordance with FCA guidelines in relation to the Covid-19 pandemic and considering requests for forbearance in respect of the debtors' obligations, where necessary.

Realisations in respect of the Company's debtors' ledger are uncertain and will be dependent on how the debtors' ledger performs over the coming months. It is also considered that performance will be greatly reliant on how the Covid-19 pandemic continues to affect the wider financial climate and customers' ability to work and meet their obligations.

Where appropriate, and in line with FCA guidelines, the Company will also consider the repossession of vehicles from customers in order to recover sums owing and there is an expectation that given the high delinquency rate, that several hundreds of vehicles may need to be recovered over the coming 12 months or so.

Intercompany balance

The Company's records indicate that c£1.45 million is outstanding to the Company from CRS. CRS' indebtedness is secured by way of a first ranking debenture over the assets of CRS.

Further investigation of how this debt has been incurred is required, however it is understood that this debt has been incurred predominately as a result of CRS acquiring vehicles from the Company following repossessions from customers, together with funding advances made.

As detailed earlier, CRS was placed into Administration on 15 April 2020 by its second ranking secured creditor, LGB, and the Administrators were also appointed to this entity.

It is understood that CRS' main assets consist of a book debt (in respect of a bulk sale of motor vehicles shortly prior to its Administration) and a residual stock of approximately 200 motor vehicles, located at multiple locations around the UK from which CRS traded. Since our appointment, that book debt of c£148,500 has been recovered in full

It is anticipated that following the realisation of CRS' assets in the Administration, the Company will receive a distribution under its floating charge security in the Company's favour. Based on present information, the level of recovery anticipated from the CRS is likely to be less than ten percent of the outstanding debt. However, the Administrators will update creditors further in their subsequent report.

Indemnity reserve

The Company's management accounts detail an indemnity reserve held by Conister totalling circa £216,000.

It is understood that the above relates to cash collateral held by Conister which it is anticipated Conister will offset against its indebtedness. However, the Administrators will be liaising further with Conister in respect of these sums and will update creditors in their subsequent report.

VAT refund

The Company's management balance sheet indicates a VAT refund of £8,711 due to the Company. However, it is understood that certain of the Company's pre appointment VAT returns are outstanding. Accordingly, once the Company's pre-appointment VAT returns are brought up to date the Administrators will be able to determine the level of any VAT refund, if any, that maybe available.

However, it should be noted that any refund will be subject to HMRC's Crown offset making the likelihood of recoverability of the same limited should there be any other outstanding sums due to HMRC. Realisations in this regard are considered unlikely given the modest value of the VAT refund, however the Administrators will update creditors in their subsequent report and once all pre-appointment VAT returns are submitted.

Cash at Bank

On appointment, the Administrators wrote to the Company's pre-appointment bankers requesting that the account be frozen with immediate effect only allowing for ongoing receipts.

A request was also made for the transfer of any credit balances to the Administrators in order to meet ongoing costs and to make an interim distribution to certain of the Secured Lenders. On 23 April 2020, the amount of £468,484 was received in our office's client account, with the amount of £33,004 relating to cash at bank (the other portion of the funds relate to collected book debts between 26 March 2020 to 22 April 2020).

The Administrators are presently liaising with CMS as to the treatment of the cash at bank and whether the same is to be treated as a floating charge asset or whether the same is for the benefit of the Secured Lenders under the Master Agreements on a first in first out principle of distribution. Advice in that regard is ongoing

and the Administrators will update creditors in their subsequent report. At this time, the receipt is being recorded as a floating charge realisation.

Fixtures, fittings, plant, machinery and stock

The Company's management accounts balance sheet as at 31 March 2020 indicates that the Company does not own any fixed assets.

Despite the above, the Administrators are aware of general furniture, office and computer equipment at the Company's trading premises and held by employees presently working from home as a result of the Covid-19 pandemic and working restrictions. These items are presently required for ongoing trading.

The Administrators also need to determine whether certain of the furniture, office and computer equipment is owned by CRS as it also operated from the same premises. Investigations in that regard are ongoing.

The Administrators will assess in due course whether any items are surplus to requirements and whether they are of any worth. It may be that the costs of realising the same will negate the benefit. The Administrators will update creditors in their subsequent report.

Employees

The Company employed 24 people, including the two directors.

As at the date of this report, the status of the employees is as follows:

- Ten employees remain employed by the Company for the purposes of assisting with the collection of the Company's book debts
- Two employees remain employed with the Company however, have been placed on furlough under the Coronavirus Job Retention Scheme, and
- 12 employees were made redundant, including the directors, shortly following the Administrators' appointment.

Redundant employees are being supported in making their statutory claims to the RPS.

Connected party transactions

Following Administration, to our knowledge, there have been no transactions to connected parties to date. The Administrators' investigations into any connected party transactions prior to the Administration are ongoing. It is noted that the Company entered into material transactions with CLSF Pension, of which it is understood the directors act as trustees and beneficiaries. The Administrators will review the transactions between the parties and the commerciality of the same as part of their investigation into the Company's affairs and directors' conduct generally.

As detailed earlier, the Administrators were also appointed as Administrators of CRS on 15 April 2020. Investigations indicate that there are a significant number of transactions between the Company and CRS resulting in the intercompany balance. Accordingly, the Administrators will also conduct investigations into the transactions between these two entities.

Directors' conduct and investigations

We have a duty to investigate the conduct of those who have been directors of the Company at any time in the three years before the Administration. We must submit our findings to BEIS within three months of our appointment.

We will also investigate the affairs of the Company and decide whether any civil proceedings should be taken against anyone to recover or contribute to the Company's assets.

We should be pleased to receive from you any information you consider will assist us in these investigations. This is part of our normal work as Administrators and does not imply criticism of the directors' conduct.

Objectives of the Administration

We are pursuing objective 3(1)(b) of Schedule B1 IA86: to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

Outcome for creditors

- Secured creditors

A schedule of the secured creditors is detailed below:

Name	Date of Creation	Date of Registration	Type
Arkle	6 June 2013	12 June 2013	Block discounting, contains fixed and floating charge
Conister	4 January 2011	26 January 2011	Block discounting, fixed and floating charge charges
Conister	4 September 2018	11 September 2018	Fixed and floating charge debenture
Close Bros	12 December 2016	12 December 2016	Block discounting, contains fixed charge
LGB	15 November 2016	21 November 2016	Fixed and floating charge debenture
Seneca	18 November 2015	24 November 2015	Block discounting, contains fixed and floating charges
Shawbrook	27 February 2015	27 February 2015	Block Discounting, contains fixed charge
Siemens	16 April 2010	23 April 2010	Block discounting, fixed and floating charge
CLSF Pension	10 December 2012	22 December 2012	Fixed and floating charge debenture
Singers Corporate Asset Finance Limited (understood to be owned by Shawbrook)	6 June 2011	7 June 2011	Block discounting, contains fixed charge

Conister

Conister provided the Company with funding pursuant to the following agreements:

- Master Block Discounting Agreement dated 14 January 2011 and subsequent facility letter dated 21 September 2017
- Integrated Wholesale Funding Agreement dated 4 September 2017 (IWFA), and
- A Debenture dated 4 September 2018 (of which the securities are ranked by a DOP between the Company, Conister, the CLSF Pension and LGB dated 11 October 2018).

Funds due under the terms of the IWFA are remitted directly to Conister by customers and are not available to the Company's estate. In certain instances customers have incorrectly paid funds to the Company's account and these are forwarded to Conister.

As at 15 May 2020, £28,595 has been received on behalf of Conister pursuant its IWFA lending. Of this sum, as at 12 May 2020, £17,875 has been transferred to Conister, with the remaining sum to be paid shortly.

As detailed above at the Debtors' section, debtors' sum received in respect of sums advanced under the Master Agreement from various hire purchase agreements funded by Conister have now vested in Conister. Accordingly, it is entitled to receipt of the receivables from these agreements and the same are not available to the Company's estate.

Master Agreements

In addition to the Conister Master Agreement above, the Company also entered into Master Agreements with Arkle, Close Bros, Seneca, Shawbrook and Siemens.

As detailed above, the Secured Lenders are entitled to receipt of receivables under the Master Agreements that attach to lending made in respect of each individual hire purchase agreement. Accordingly, the receipts are not available to the Company's estate and instead are for the benefit of the Lender to which that hire purchase agreement relates.

Along with the Master Agreement, Close Bros also entered into a Deed of Assignment of certain Customer Contracts to capture any agreements that had not already been captured by its Master Agreement.

CMS has advised the Administrators of the validity of the Master Agreements and the Secured Lenders' entitlements to receive funds under the terms of the same.

Debentures

The Company granted the Debenture Lenders debentures over the Company's assets. The priorities of all securities granted are ranked according to a DOP entered into between the Debenture Lenders, with the CLSF Pension ranking in priority.

However, the rights of certain Customer Contracts were assigned by way of additional security to LGB and Conister, having the effect of giving them the same rights as a funder with a Master Agreement as above. The DOP has implications on the distributions of any assets of the Company not subject to the security in favour of the Secured Lenders pursuant to Master Agreements referred to above.

Essentially any "free" Customer Contracts which have not been assigned to the Secured Lenders are the property of the Company, together with any other assets, and will be captured under the securities within the Debentures. Those assets will be available for distribution to the same, in the order of priority detailed in the DOP, after costs of the Administration, and allocation of any Prescribed Part (further detailed below).

As previously advised, the Administrators have engaged solicitors, CMS, to provide advice regarding the Secured Lenders security and validity of the same. CMS' advice in respect of LGB's security and the validity of the same in respect of the Customer Contracts purportedly assigned to it are ongoing, together with ongoing correspondence with CLSF Pension in respect of the same. The Administrators will update creditors in their subsequent report.

Distributions to the Secured Lenders

Please refer to Section 3 of this report for a summary of the outstanding debts owed to the Secured Lenders.

Master Agreements

As detailed above, the majority of the realisations in this matter are for and on behalf of the Secured Lenders and those assets fall outside of the Company's Administration estate. The Administrators summarise below the collections made in the period to 30 April 2020 and the distribution sum paid to each respective Secured Lender in respect of the same, after retention of funds for provision of trading the Company, collection fees and contingencies (i.e. only 90 per cent has been distributed at this time). It should be noted that at this stage the sums available to LGB have been withheld pending the outcome of CMS' advice relating to the validity of the assignment of the Customer Contracts and the correspondence with CLSF Pension in respect of the same:

	£	Arkle	LGB	Conister	Shawbrook	Close Brothers	Siemens	Seneca	Others
Total collected*	688,328	17,241	90,201	320,854	119,125	9,885	30,866	87,459	12,697
Less: April trading expenses	58,706	1,470	7,693	27,365	10,160	843	2,633	7,459	1,083
Less: May trading expenses	52,181	1,307	6,838	24,324	9,031	749	2,340	6,630	963
Less: Collection fees*	53,112	1,330	6,960	24,757	9,192	763	2,382	6,748	980
Less: Trading contingency	10,000	250	1,310	4,661	1,731	144	448	1,271	184
Less: Provision for legal fees	10,000	250	1,310	4,661	1,731	144	448	1,271	184
Subtotal of costs	183,999	4,609	24,112	85,768	31,844	2,642	8,251	23,379	3,394
Amount available for distribution	504,329	12,632	66,089	235,085	87,281	7,243	22,615	64,080	9,303
Final distribution**	453,896	11,369	59,480	211,577	78,553	6,518	20,354	57,672	8,373

*As at close of business, 30 April 2020

**Percentage of net position 90%

As the realisations above fall outside of the Administration estate (save for those detailed as "Others"), the Company, acting by its Administrators, are acting as collection agent for the Secured Lenders and accordingly have sought a separate fee arrangement with the same for the provision of this service. Please refer to the fees and disbursements section of the report and Appendix III for further details.

Debenture Lenders

After payment of the preferential creditors and expenses of the Administration, the balance of funds held is known as the net property. The Administrators are required to deduct the "Prescribed Part" of net property (approximately 20 per cent) from this surplus and make that available for distribution to unsecured creditors (detailed further below).

The remaining circa 80 per cent is then distributed to the floating charge-holders under their floating charge securities. Any distribution available to the floating charge-holders will likely take many months to conclude, if any is available.

A distribution to the Debenture Lenders is dependant on the level of realisations from the "free" Customer Contracts, which are presently uncertain, together with realisations from the Company's other assets, such as the intercompany balance due from CRS. Based on present information, if any distribution is available, it is considered likely that the same would only be available to CLSF Pension in respect of its floating charge, however the quantum of the same is presently unknown at this stage. The Administrators will update creditors further in their subsequent report.

▪ Preferential creditors

Employee claims for arrears of wages (capped at £800) and holiday pay (uncapped) rank as preferential creditors.

The books and records of the Company indicate the following:

- Wages are paid up to date, and
- Holiday pay is outstanding for the redundant employees in the amount of £2,176.

Based on the information presently available, the Administrators anticipate a distribution to the Company's preferential creditors, most likely in full.

▪ Unsecured creditors

Where a company gave a floating charge over its assets to a lender on or after 15 September 2003, there are provisions in the insolvency legislation that require the Administrators to set aside a percentage of a Company's assets for the benefit of the unsecured creditors. This is known as the Prescribed Part of a company's net property.

A company's net property is the amount left after paying the preferential creditors, but before paying the lender who holds the floating charge. Administrators have to set aside 50 per cent of the first £10,000 of the net property and 20 per cent of the remaining net property up to a maximum of £600,000.

As detailed above, the Debenture Lenders were granted floating charges over the Company's assets, so the Prescribed Part applies in this case.

The Administrators presently estimate the Company's net property will be £103,745 which means the estimated value of the Prescribed Part is £23,749. However, these estates do not include the costs of the Administration which will reduce the Company's net property and in turn the Prescribed Part.

The Company's unsecured creditors are estimated to be approximately £265,000. However, no adjudication on claims has been completed at this stage.

Based on present information, the Company's financial position indicates there are insufficient assets to enable me to pay a dividend to non-preferential unsecured creditors, however, it may be possible for the Administrators to make a distribution of the Prescribed Part of the net property. However, the Administrators will update creditors further in their subsequent report.

Fees and disbursements

As detailed in insolvency legislation, the Administrators' fees can be calculated in the following ways:

1. As a percentage of the value of the property that we deal with ("percentage basis"); or
2. By reference to the time properly given by the Administrators and our staff attending to matters arising ("time cost basis"); or
3. A set amount ("fixed fee"); or
4. A combination of the above.

In this case the Administrators are proposing our fees for the Administration be charged on the time cost basis.

Time costs (administration and planning, investigations, realisation of assets, creditors and statutory)

Details of time costs and disbursements to date are provided at Appendix III. In the period from 26 March 2020 to 13 May 2020 the Administrators and their staff have spent 126.6 hours which equates to £168,551 dealing with this report and the matters described in it.

The Administrators propose to be remunerated at a discount of 30 per cent of their time costs incurred. However, will seek an uplift to 100 per cent of their time costs should the Secured Lenders be repaid in full.

Of the time costs incurred, certain of the same relates to the Administrators' work in acting as collection agent for the Secured Lenders. The Administrators advise that of the time costs outlined at Appendix III the allocation between the Administration and Secured Lenders is as follows:

	Administration		Debt Collection	
	Gross (£)	Allocation (%)	Allocation (£)	Allocation (%)
Admin & Planning				
Case planning / monitoring	23,444	75	17,583	25
Cashiering	5,729	100	5,729	0
General administration	6,301	100	6,301	0
Creditors				
Secured	53,028	55	29,165	45
Preferential	858	100	858	0
Unsecured	5,179	100	5,179	0
Employees	2,633	100	2,633	0
Investigations	2,193	100	2,193	0
Realisations of Assets	25,458	0	-	100
Statutory	8,154	100	8,154	0
Trading	35,575	0	-	100
Total	168,551		77,794	

The sections effected are highlighted in yellow at Appendix III for ease of comparison, please note these percentage allocations are subject to change but in the Administrators' view represent a fair split of the time allocated between tasks completed on behalf of the Secured Lenders for the collection of assets and time allocated to the Administration at the time of this report. The Administrators will advise creditors in their subsequent report of any change in the proposed percentage allocation splits.

When seeking time cost approval the Administrators have to set out a fee estimate, which acts as a cap on time costs so fees cannot be drawn for more than the estimate without further approval. The fees estimate can be found at Appendix II.

This shows the estimated time costs, hours charged and average hourly rates split into various categories and by grade of staff. The estimated total time costs the Administrators will incur in undertaking these tasks in the Administration and any subsequent liquidation will be £1,115,508 (based on a 12 month Administration).

This estimate has been provided at an early stage in the Administration and before the Administrators have full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on current knowledge of the case and knowledge and experience of acting as administrators in respect of cases of a similar size and apparent complexity. As a result, the estimate does not account for any currently unknown complexities or difficulties that may arise during the Administration of the case.

If the time costs incurred by the Administrators and staff exceed the estimate, or are likely to exceed the estimate, an explanation will be provided as to why in the progress reports to creditors. Since the Administrators cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the Administrators consider it appropriate in the context of the case, a resolution will be sought to increase the fee estimate so that the Administrators will then be able to draw additional remuneration over and above this estimate.

Further information regarding administrators' fees can be found here:

<http://www.resolvegroupuk.com/resources>

There are different versions of the guide so please ensure that you refer to the latest version. A hard copy can be obtained on request, free of charge, from this office.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at:

<http://www.creditorinsolvencyguide.co.uk/>.

Debt collection fees

As previously advised, debt collection tasks undertaken by the Administrators are not considered as costs within the Administration. Therefore, fees relating to the Administrators' role as collection agents for the Secured Lenders form a separate arrangement with the Secured Lender to which they affect directly. The Administrators advise that they are being remunerated on a time costs basis for their debt collection work, but with a 30 per cent discount on the Administrators' headline standard time costs, however with the discount being recoverable should that Secured Lender be repaid in full.

The proposed percentage allocation between the Administration and the Secured Creditors is detailed in the table above.

Creditors' committee

If a Creditors' Committee is appointed, it will be for the committee to approve the basis of the Administrators' fees and category 2 disbursements. However, if a Creditors Committee is not appointed, the Administrators will require the approval of the chargeholders and preferential creditors to approve the basis of the Administrators' fees and category 2 disbursements.

A notice of decision procedure by deemed consent NOT to form a creditors' committee is at Appendix V. Accordingly, should that decision procedure be approved it is anticipated that the chargeholders and preferential creditors will be the parties to approve the Administrators' fees and category 2 disbursements in due course.

To enable the creditors to make an informed decision as to whether they wish to either seek to form a Creditors' Committee, or to nominate themselves to serve on a Creditors' Committee, further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found here:

<https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>.

Creditors' decision procedure

In accordance with statute, the Administrators are not seeking a decision from the creditors on whether or not to approve these proposals as the Company's financial position means there are insufficient assets to pay a dividend to non-preferential unsecured creditors other than by way of the Prescribed Part of the net property. As a result, should a creditors' committee not be convened, it will be for the chargeholders and preferential creditors to approve the Administrators' remuneration and category 2 expenses.

If neither the creditors nor the committee fix the basis of our fees and category 2 disbursements, the Administrators may apply to Court to fix them, no later than 18 months after the date of our appointment.

Professional fees

The following agents or professional advisors have been utilised in this matter and the costs of these also comprise Administration expenses:

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date £	Paid	Estimated future fees
CMS	Legal	Time costs basis	24,745	No	30,000
Stuart Reid	Compliance	Monthly retainer at £6,500 per month	13,000	No	65,000
MAPS Solutions	Agents fees	Mixed – time costs and fixed hire costs	Awaited	No	7,500
Clumber Consultancy	Pension advisor	Fixed fee	700	No	500

The choice of professionals was based on our perception of their experience and ability to perform the type of work assigned to them, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and we are satisfied they are reasonable in the circumstances of this case.

CMS

CMS have been engaged to provide us with advice relating to our appointment, conduct a security review on the validity of the Secured Lenders security, employee and Covid-19 furlough related matters and ad hoc legal advice throughout the Administration. CMS engagement is presently ongoing.

Stuart Reid

Mr Reid is engaged on a secondee basis for a minimum of six months (with the option to extend) to assist with the management of the Company's business and assist with compliance matters, including advice relating to compliance with FCA regulation and best practice guidance. Mr Reid's instruction is ongoing.

MAPS Solutions

MAPS Solutions are instructed to assist with security of the Company's property and arranging for a monitored intruder alarm to be installed. Furthermore, MAPS Solutions is engaged to conduct a GDPR audit in respect of the data held by the Company and to advise the Administrators on GDPR related matters generally surrounding the data it holds, particularly given it relates to consumers.

Clumber Consultancy

Clumber Consultancy is engaged to provide advice in respect of the Company's pension schemes and the Company and Administrators' continuing obligations in respect of the same.

Whilst not requiring approval, when reporting to creditors during the course of the Administration the actual expenses incurred by these professional will be compared with the original estimates provided and the Administrators will explain any material differences.

6. Estimated financial position

The Administrators have requested that the Company's directors completed a SoA however, this has not yet been received. In the absence of a SoA, the Administrators have prepared an estimated financial position for the Company and a copy is attached at Appendix VI.

As required by law, the names and addresses of employees have been omitted, along with addresses of the shareholders.

Please note that:

- The estimated financial position does not make provisions for the costs of realising Company's assets or the costs of the Administration, and
- The information in the estimated financial position has not been audited.

7. Receipts and payments account

CLS FINANCE LIMITED - IN ADMINISTRATION ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM 26 MARCH 2020 TO 15 MAY 2020

	Estimated to realise - Estimated financial position	For the period 26 March 2020 to 15 May 2020	Total
	£	£	£
FIXED CHARGE RECEIPTS			
Debtors' ledger - Conister IWFA	3,116,103	28,595	28,595
Debtors' ledger - Master Block Lending Agreement	6,166,015	867,359	867,359
Leasehold property	-	-	-
Coronavirus Job Retention Scheme	-	2,812	2,812
	<u>9,282,118</u>	<u>898,766</u>	<u>898,766</u>
FIXED CHARGE PAYMENTS			
Conister IWFA		(17,875)	(17,875)
Master Block Lending Agreement		(386,043)	(386,043)
Direct Labour		(28,444)	(28,444)
Rent		(8,000)	(8,000)
IT Costs		(16,177)	(16,177)
Employee Related Costs		(16)	(16)
Customer Refunds		(1,775)	(1,775)
		<u>(458,329)</u>	<u>(458,329)</u>
FIXED CHARGE TOTAL (receipts less payments)		<u>440,437</u>	<u>440,437</u>
FLOATING CHARGE RECEIPTS			
Cash at bank	33,004	33,004	33,004
Intercompany balance	72,918	-	-
VAT refund	-	-	-
	<u>105,922</u>	<u>33,004</u>	<u>33,004</u>
FLOATING CHARGE PAYMENTS			
		-	-
		-	-
FLOATING CHARGE TOTAL (receipts less payments)		<u>33,004</u>	<u>33,004</u>
Fixed charge total (receipts less payments)			440,437
Floating charge total (receipts less payments)			<u>33,004</u>
TOTAL FUNDS IN HAND			<u>473,440</u>
REPRESENTED BY			
CLS Finance Limited - in Administration current account, non-interest bearing			-
CLS Finance Limited (pre-appointment) current account, non-interest bearing (HSBC)			425,788
ReSolve client account, non-interest bearing			9,942
Global Payments account, non-interest bearing			34,685
VAT receivable			<u>3,025</u>
TOTAL			<u>473,440</u>

8. Administrators' proposals

In order to achieve the objective set out at section 3 above, the Administrators formally propose to creditors that:

- (a) The Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular, that the Administrators:
 - (i) continue to trade the business in Administration
 - (ii) continue to collect the Company's debtors' ledger;
 - (iii) collect in and/or sell the Company's assets (inter alia the returned and repossessed motor vehicles from defaulting customers) at such time(s) on such terms as the Administrators consider appropriate;
 - (iv) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
 - (v) do all such things and generally exercise all their powers as Administrators as considered desirable or expedient at the Administrators' discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.
- (b) The Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.
- (c) The Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company and propose that Lee Manning and Mark Supperstone are appointed Joint Liquidators of the Company by the Court.
- (d) The Administration of the Company will end by making an application to Court for an order that the Administration ceases.
- (e) The Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

Approval of proposals

The financial position of the Company means that it has insufficient assets to enable a dividend to be paid to non-preferential unsecured creditors other than by way of the prescribed part. As a result, the Administrators are prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals.

However, a creditor, or creditors, whose debts amount to at least 10 per cent of the total debts of the Company can require the Administrators to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit. Such a request must be received by the Administrators within eight business days from the date these proposals are delivered to the creditors. If creditors do not require the Administrators hold a decision procedure within that time period, then these proposals will be deemed to have been approved.

Creditors should note that the Administrators need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that the Administrators request from them to meet the expenses of the requisitioned decision procedure.

Extending the Administration

The Administrators may seek the consent of the appropriate class(es) of creditors, or an order of the Court, to extend the period of the Administration beyond the statutory period of 12 months, if we believe it is required to achieve the objective of the Administration and to finish the work required.

Discharge from liability

The Administrators will be discharged from liability in respect of the Administrators' actions at a time set by the creditors, creditors' committee or the Court.

Further information

If you have any queries regarding the proposals or the conduct of the Administrations in general, please contact Charmaine Doyle on 020 7702 9775.

Should you have any comments or complaints regarding the Administration, please contact Lee Manning in the first instance. If you consider that we have not dealt with your comment or complaint appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the administration. A request for a review can be made in writing to the Compliance Manager, ReSolve, 22 York Buildings, London, WC2N 6JU or by email to ben.woodthorpe@resolvegroupuk.com.

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Details of this procedure and other regulatory policies can be found on ReSolve's website at www.resolvegroupuk.com/policies2/.

9. Statutory and other information

Statutory and other information	
Court details:	High Court of Justice Business and Property Courts in Manchester, Company and Insolvency List (ChD) CR-2020-MAN-000364
Full name:	CLS Finance Limited
Trading name(s):	N/A
Registered number:	05032892
Registered offices:	c/o ReSolve, 22 York Buildings, London, WC2N 6JU
Former registered offices:	Unit 2 Alexandra Street, Hyde, Cheshire, SK14 1DX
Appointors:	QFCH
Company directors (current):	Shaun Patrick Young Charles Omar Holding
Shares held by directors:	Shaun Patrick Young (49,955 ordinary £1 shares) Charles Omar Holding (49,955 ordinary £1 shares)
Date of the Administrators' appointments	26 March 2020
Division of the Administrators' responsibilities:	For the purpose of paragraph 100(2) of Schedule B1, the Administrators may exercise any of the powers conferred on them by IA86 jointly or individually
Objectives being pursued by the Administrators:	B
Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast):	The regulation applies to this administration and these proceedings are main proceedings

Pre-appointment time costs and disbursements

On 25 March 2020, Conister instructed ReSolve to assist them in placing the Company in Administration and to seek the Administrators' consent to act. Conister agreed that the Administrators pre-appointment fees and expenses should be paid as a fixed fee in the amount of £5,000 plus disbursements plus VAT.

The following work was undertaken:

- Liaised with Conister regarding the Company and background generally
- Corresponded with Conister, and its solicitors, Hill Dickinson, extensively regarding its security over the Company and the proposed appointment of Administrators
- Liaised with Conister's solicitors regarding appointment documentation
- Consented to the appointment as Administrators and reviewed statutory appointment documentation
- Conducted internal conflict checks, and
- Planned internally for the appointment.

ReSolve has not been paid in respect of pre-appointment fees.

Approval of pre-appointment fees and disbursements

The Administrators will seek the approval of pre-appointment fees and disbursements from the Company's chargeholders and preferential creditors in due course.

Administrators' charge out rates, disbursement policy, narrative and fee estimate

Charge out rates

The Administrators are seeking to be remunerated on a time cost basis.

Charge out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in six minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work.

This document provides an estimate as to how much time the Administrators and their staff will spend undertaking specific tasks, and the costs of undertaking such work. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work.

The estimated costs have been divided by the estimated hours required to arrive at an average hourly charge out rate for that category of work. The hourly charge-out rates used on this case are as follows:

Staff grade	Rate per hour (£)
Partner	550-755
Director	450
Senior Manager	395
Manager	350
Assistant Manager	305
Senior Administrator	255
Administrator	220
Junior Administrator	175

The hourly charge-out rate for Lee Manning, the lead Administrator on this case, is £685.

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Advisory Limited.

Disbursement policy

Category 1

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling (non-mileage), postage, statutory advertising and other expenses made on behalf of the assignment.

Category 1 disbursements do not require approval.

Category 2

Indirect charges (Category 2 disbursements) require separate approval and the basis of charging is as follows:

- Photocopying 20 pence per sheet
- Mileage 45 pence per mile

A summary of the Administrators' disbursements to date are as follows:

Post appointment	Category 1 £	Category 2 £	Total £	Paid to date £	Estimated future £
Customer Refunds	1,378	-	1,378	1,378	Nil
Franking (postage)	750	-	750	750	Nil
Contractor	1,194	-	1,194	1,194	Nil
Utilities	1,205	-	1,205	1,205	Nil
Total	4,527	-	4,527	4,527	Nil

The Administrators anticipated that the above type of disbursements incurred are likely to be nominal as it is anticipated these sums will be paid directly from Administration funds going forward. However, the Administrators anticipate incurring certain category1 disbursements in respect of bonding insurance costs etc. that are incurred directly by ReSolve and recharged to the case.

The Administrators propose being able to charge category 2 disbursements as and when incurred up to £1,500 without further recourse to creditors.

Appendix III

Schedule of post appointment time costs for the period from 26 March 2020 to 13 May 2020

The following table sets out the total time costs incurred within the Administration for above period:

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE	ALLOCATION TO ADMINISTRATION (%)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		
Administration & Planning										
Case planning / monitoring	30.30	20,500.50	2.70	1,174.50	7.70	1,769.00	40.70	23,444.00	576.02	75
Cashiering	0.40	250.00	6.50	2,827.50	10.30	2,651.00	17.20	5,728.50	333.05	100
General administration	1.80	1,225.00	8.50	3,697.50	5.70	1,378.50	16.00	6,301.00	393.81	100
	32.50	21,975.50	17.70	7,699.50	23.70	5,798.50	73.90	35,473.50	480.02	
Creditors										
Secured	47.90	32,392.50	22.30	9,700.50	36.80	10,935.00	107.00	53,028.00	495.59	55
Preferential	-	-	-	-	3.90	858.00	3.90	858.00	220.00	100
Unsecured	5.90	3,982.50	0.30	130.50	3.80	1,065.50	10.00	5,178.50	517.85	100
Employees	3.20	2,190.00	0.20	87.00	1.40	356.00	4.80	2,633.00	548.54	100
	57.00	38,565.00	22.80	9,918.00	45.90	13,214.50	125.70	61,697.50	490.83	
Investigations										
General investigation	-	-	0.50	217.50	-	-	0.50	217.50	435.00	100
Other investigation	2.70	1,822.50	-	-	0.60	153.00	3.30	1,975.50	598.64	100
	2.70	1,822.50	0.50	217.50	0.60	153.00	3.80	2,193.00	577.11	
Realisation of Assets										
Book debts	10.20	6,913.00	2.30	1,000.50	6.60	2,013.00	19.10	9,926.50	519.71	-
Sale of business / assets	15.80	10,673.00	5.90	2,566.50	1.10	294.50	22.80	13,524.00	593.16	-
Property - freehold and leasehold	-	-	0.60	261.00	-	-	0.60	261.00	435.00	-
Other assets	2.20	1,529.00	0.50	217.50	-	-	2.70	1,746.50	646.85	-
	28.20	19,115.00	9.30	4,045.50	7.70	2,297.50	45.20	25,458.00	563.23	
Statutory										
Statutory paperwork / form completion	3.70	2,511.50	0.30	130.50	9.60	2,366.50	13.60	5,010.50	368.42	100
Filing documents with CH / Court	-	-	-	-	0.40	88.00	0.40	88.00	220.00	100
Reporting to creditors	1.00	675.00	0.90	391.50	6.80	1,989.00	8.70	3,055.50	351.21	100
	4.70	3,186.50	1.20	522.00	16.80	4,445.50	22.70	8,154.00	359.21	
Trading										
Ongoing trading administration	1.50	937.50	40.80	17,748.00	41.60	12,679.50	83.90	31,365.00	373.84	-
Close down	-	-	4.70	2,044.50	7.10	2,165.50	11.80	4,210.00	356.78	-
	1.50	937.50	45.50	19,792.50	48.70	14,845.00	95.70	35,575.00	371.73	
Total hours and cost	126.60	85,602.00	97.00	42,195.00	143.40	40,754.00	367.00	168,551.00	459.27	

As previously advised, debt collection tasks undertaken by the Administrators are not considered as costs within the Administration. Therefore, fees relating to the Administrators' role as collection agents do not require approval by the body of creditors as a whole and are excluded from the proposals within this report.

The following table summarises the separation between the Administrators' costs incurred as their role as Administrators (i.e. to be approved by creditors) and as debt collection agents (i.e. agreed upon separately with the Secured Lenders, excluding CLSF Pension):

	Administration			Debt Collection	
	Gross (£)	Allocation (%)	Allocation (£)	Allocation (%)	Allocation (£)
Admin & Planning					
Case planning / monitoring	23,444	75	17,583	25	5,861
Cashiering	5,729	100	5,729	0	-
General administration	6,301	100	6,301	0	-
Creditors					
Secured	53,028	55	29,165	45	23,863
Preferential	858	100	858	0	-
Unsecured	5,179	100	5,179	0	-
Employees	2,633	100	2,633	0	-
Investigations	2,193	100	2,193	0	-
Realisations of Assets	25,458	0	-	100	25,458
Statutory	8,154	100	8,154	0	-
Trading	35,575	0	-	100	35,575
Total	168,551		77,794		90,757

From the above, the Administrators have incurred total costs within the Administration up to 13 May 2020 of £168,551, however, the amount to be considered chargeable to the estate is £77,794. Please note the above reflects the gross charges to the estate (i.e. without the Administrators' 30 per cent discount). Accordingly, to 13 May 2020 the net time costs charged to the Company's Administration estate is considered to be £54,456.

Narrative of work carried out

Administration and Planning

Case planning

- Preparing the documentation and dealing with the formalities of appointment
- Review and storage of Company records
- Liaising with the directors throughout the process
- Liaising the Conister following appointment
- Considering the employee position of the Company
- Case planning and administration

Cashiering

- Dealing with the day to day management of the internal cash book
- Making payments and dealing with receipts
- Reconciling the Company's bank account
- Liaising with the Company's pre appointment bankers
- Liaising with the Administrators' bankers

General administration

- Statutory notifications and advertising
- Case bordereau
- Liaising with the FCA regarding appointment
- Preparing documentation
- Dealing with all routine correspondence
- Liaising with insurers regarding initial cover
- Updating the Insurers with respect to the disposal of assets
- Maintaining physical case files and electronic case details
- Liaising with the Company's directors and internal bookkeeper regarding provision of information

Creditors

Secured

- Engaging solicitors, CMS, to review all security charges held over the Company
- Liaising with the directors regarding the CLSF Pension Debenture issued to the Company
- Liaising with CMS regarding the Master Agreements and debentures and the priority and rights attached to same, following challenges by the CLS Pension
- Review of security documentation and CMS' advice
- Liaising with the CLSF Pension, LGB and Conister regarding the DOP
- Liaising with the Secured Lenders with respect to sums due to these secured creditors and planning the release of surplus funds
- Prepare formal correspondence to the Secured Lenders detailing debt collection activities and related costs incurred for approval
- Attend weekly teleconferences with the independent Secured Lenders to provide updates on the conduct of the Administration and debt collection activities
- Prepare and distribute first interim distribution funds
- Attending to correspondence with Secured Lenders as and when required
- Holding several discussions and email correspondence with the Company's directors, in their capacity as trustees of the CLS Pension with particular reference to the challenges that the CLS Pension is making, largely in respect of its claim that the DOP it signed with LGB and Conister overreaches the security / ownership that those two lenders have pursuant to the Master Agreements

Unsecured

- Dealing with creditor correspondence, emails and telephone conversations
- Maintaining up to date creditor information on the case management system

Employees

- Preparing and issuing correspondence to the employees regarding current employment status i.e. being retained, furloughed or made redundant
- Preparing and submitting claim to the HMRC for furloughed wages
- Liaising with employees with respect to their redundancy
- Obtaining information from the case records about employee claims
- Completing documentation for submission to the RPS
- Corresponding with employees regarding their claims
- Liaising with the RPS regarding employee claims

Investigations

- General investigation into the Company's affairs and its trading relationship with CRS
- Statutory investigation into the directors' conduct, including preparation and submission of required reports

Realisation of Assets

Sale of business / assets

- Consider expressions of interest received for the purchase of the Company's debtors' ledger
- Negotiating non-disclosure agreements
- Attending to correspondence with interested parties
- Updating the majority of the Secured Lenders on discussions with interested parties

Book debts

- Reviewing the Company's debtors' ledger and consideration of whether to engage third party collection agents
- Liaising with the directors, internal bookkeeper, collections staff and the Secured Lenders in relation to the Company's book debts
- Continually liaising with the Company's pre-appointment banker, HSBC, to obtain updated statements from the pre-appointment bank account
- Liaise with Global Payments to obtain credit card receipts
- Undergo training to understand the Company's debt collection software
- Liaising with the Company's external IT provider, Anchor, to create specific reports for the purposes allocating collections to their specific lender and also to report to the Secured Lenders
- Establishing the accuracy of the intercompany debt due from CRS

Leasehold property

- Liaising with the landlord regarding the continued occupation of the Company's trading premises

Other assets

- Dealing with other miscellaneous asset matters
- Corresponding with agents regarding security related matters

Statutory

- Preparation and delivery of all statutory documentation
- Informing Companies House of the Administration
- Liaising with solicitors regarding appointment documentation
- Internal discussions in relation to the timings of the appointment and preparing for the appointment
- Dealing with statutory issues required under IA86, IR 2016 and the Statements of Insolvency Practice

Trading

- Assessment of trading position and viability of continuing run-off operations of its lending book
- Notify and liaise with the Company's suppliers to ensure continued services
- Dealing with all employee-related tasks (refer to above)
- Discussions with Directors and key management personnel regarding ongoing trading requirements
- Preparing and maintaining trading budgets and cash flow statement
- Reviewing and processing trading payments
- Regular review of the Company's expenses
- Meetings to discuss trading position
- Liaising with the FCA regarding compliance with regulatory requirements
- Agreeing trading strategy
- Liaising with Conister regarding Stuart Reid secondment
- Liaising with Stuart Reid throughout trading period
- Reviewing and issuing payroll for both furloughed and continuing employees
- Maintaining key customer loan analysis and financial systems software services with third party providers

Reasons why this work is required

Administration

This represents the routine administrative work that is required of the office holders and their staff, together with the control and supervision of the work done on the case by the office holders and their staff. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holders to meet their requirements under the insolvency legislation and the SIP, which set out required practices that office holders must follow.

Investigations

Insolvency legislation gives the office holders powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. The office holders are required by the SIP to undertake an initial investigation to determine whether there are potential recovery actions for the benefit of creditors and any time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors. Any approval for an increase in fees will be sought as necessary. Such recovery actions will be for the benefit of the creditors and the office holders will provide an estimate of that benefit if an increase in fees is necessary.

The office holders are also required by legislation to report to the BEIS on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.

Realisation of Assets

This is the work that needs to be undertaken to protect and then realise the known assets, which should directly benefit creditors.

Creditors

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the RPS. That work will include dealing with queries received from both the ex-employees and the RPS to facilitate the processing of the claims. The office holders are required to undertake this work as part of his statutory functions.

Claims of creditors - The office holders need maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holders will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holders are required to undertake this work as part of their statutory obligations.

Statutory

These activities involve complying with legislation including but not limited to; The IA86, The IR16, The Companies Act 2006, The Bribery Act 2010, the Money Laundering Regulations 2017, SIPs and Pension Regulations. These activities do not add any direct benefit to creditors and they form part of the statutory obligations of the Administration.

Trading

These activities involve continuing to trade the business in Administration and day-to-day management of the collection of the book debts. It is hoped these activities will add direct benefit to creditors as the Administrators are seeking to preserve the value of the ledger.

Administrators' fee estimate (based on a 12 month Administration period)

ADMINISTRATION AND PLANNING (Note 2)	Estimated time to be taken to undertake the work	the time costs to undertake the work (£)	Average charge out rate (£)
Description of the tasks to be undertaken in this category of work			
Case planning and monitoring			
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.	110.00	41,750.00	
Setting up physical/electronic case files (as applicable).	3.00	585.00	
Setting up the case on the practice's electronic case management system and entering data.	3.00	585.00	
Undertaking periodic reviews of the progress of the case.	15.00	5,105.00	
Overseeing and controlling the work done on the case by case administrators.	9.00	3,450.00	
Reporting to creditors			
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).	19.00	5,390.00	
Preparation of proposals	38.50	13,260.00	
Convening and holding general meetings of creditors and members (as applicable).	9.00	2,600.00	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable).	32.50	9,290.00	
Preparing, reviewing and issuing final reports to creditors and members (as applicable).	24.50	6,490.00	
Compliance matters			
Obtaining a specific penalty bond.	2.50	800.00	
Reviewing the adequacy of the specific penalty bond on a quarterly basis.	7.50	1,930.00	
Correspondence with creditors			
Dealing with all routine correspondence and emails relating to the case.	135.00	43,500.00	
Cashiering			
Opening, maintaining and managing the office holder's estate bank account (delete if not applicable).	25.50	7,565.00	
Creating, maintaining and managing the office holder's cashbook.	76.00	21,435.00	
Undertaking regular bank reconciliations of the bank account containing estate funds.	26.50	6,895.00	
General administration			
Arranging suitable insurance over assets.	13.00	3,785.00	
Regularly monitoring the suitability and appropriateness of the insurance cover in place.	26.00	6,935.00	
Preparing and filing VAT returns (delete if not applicable).	22.00	6,375.00	
Preparing and filing Corporation Tax returns (delete if not applicable).	22.00	6,375.00	
Seeking closure clearance from HMRC and other relevant parties.	5.00	1,540.00	
Total	624.50	195,640.00	
INVESTIGATIONS (Note 3)			
Description of the tasks to be undertaken in this category of work			
D return preparation			
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable).	19.00	5,170.00	
General investigation			
Recovering the books and records for the case.	12.50	2,987.50	
Listing the books and records recovered.	8.00	1,670.00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.	75.00	22,400.00	
Other investigation			
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	85.00	22,800.00	
Total	199.50	55,027.50	
REALISATION OF ASSETS (Note 4)			
Description of the tasks to be undertaken in this category of work			
Book debt recoveries			
Corresponding with debtors and attempting to collect outstanding book debts.	221.00	71,035.00	
Liaising with the bank regarding the closure of the account.	5.50	1,630.00	
Sale of business / assets			
Instructing agents to value business assets.	39.00	13,660.00	
Liaising with agents to realise assets.	72.50	130,825.00	
Instructing solicitors to assist in the realisation of assets.	54.00	19,225.00	
Property - freehold and leasehold			
Registering a caution in respect of freehold property owned by the debtor/company (where applicable).	-	-	
Obtaining details from mortgagees about debts secured over the debtor's/company's freehold/leasehold property (where applicable).	2.50	1,045.00	
Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable).	7.50	2,150.00	
Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge.	31.00	9,460.00	
Other	-	-	
Total	433.00	249,030.00	

TRADING (note 5)

Description of the tasks to be undertaken in this category of work

Day one matters

Obtaining appropriate information about the business and preparing a business plan and cash flow forecasts.	42.00	15,990.00
Arranging suitable insurance for the business	3.00	895.00
Setting up suitable systems and controls in respect of purchases and sales for the business	30.00	10,525.00
Liaising with staff and trade unions	32.00	9,970.00
Setting up a new RTI registration for the business with HMRC and submitting relevant information in respect of wages and salaries paid	55.00	14,475.00
Ongoing trading administration	-	-
Monitoring and controlling the day to day trading of the business	280.00	98,325.00
Close Down	155.00	45,400.00
Total	597.00	195,580.00

CREDITORS (note 5)

Description of the tasks to be undertaken in this category of work

Employees

Obtaining information from the case records about employee claims.	14.00	4,525.00
Completing documentation for submission to the Redundancy Payments Office.	7.00	2,100.00
Corresponding with employees regarding their claims.	17.00	4,470.00
Liaising with the Redundancy Payments Office regarding employee claims.	16.00	4,255.00

Unsecured creditors

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.	80.00	24,050.00
Maintaining up to date creditor information on the case management system.	15.00	3,475.00

Secured creditors

Liaising with secured creditors	820.00	291,100.00
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Claim agreement and distributions

Issuing a notice of intended dividend and placing an appropriate gazette notice.	12.00	3,405.00
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.	51.00	13,460.00
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.	49.00	12,670.00
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.	31.50	8,715.00
Paying tax deducted from the dividends paid to employees.	8.00	2,310.00

Total	1,120.50	374,535.00
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STATUTORY (Note 6)

Description of the tasks to be undertaken in this category of work

Reporting to creditors

Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).	16.00	4,165.00
Preparation of proposals	42.00	15,100.00
Convening and holding general meetings of creditors and members (as applicable).	7.00	2,300.00
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable).	36.00	10,765.00
Preparing, reviewing and issuing final reports to creditors and members (as applicable).	36.00	10,765.00

Filing documents with Companies House / Court

Filing returns at Companies House and/or Court (as applicable).	9.00	2,600.00
Filing final returns at Companies House and/or Court (as applicable).	-	-

Total	146.00	45,695.00
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Total time costs and hours	3,120.50	1,115,507.50	£357.48
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Notes to the **Administrators' fee estimate**

Note 1 – Administration and planning

This represents the work that is involved in the routine administrative functions of the case by the Administrators and their staff.

Note 2 – Investigations

The insolvency legislation gives us powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure. An initial investigation determines whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation.

If potential recoveries or matters for further investigation are identified then we will incur additional time costs to investigate them in detail and to bring recovery actions where necessary. We are unable to quantify the benefit to creditors of these investigations at present but will include such information in our statutory report to creditors once the position is clear. We are also required by legislation to report to BEIS on the conduct of the directors and the work to enable us to comply with these statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 3 – Realisation of assets

This is the work that needs to be undertaken to protect and then realise the known assets, which should directly benefit creditors.

Note 4 – Creditors

Employees: We need to deal with the ex-employees in order to ensure that their claims are processed appropriately by the RPS. That work will include dealing with queries received from both the ex-employees and the RPS to facilitate the processing of the claims. We are required to undertake this work as part of their statutory functions.

Creditors: We need to maintain records of the names and addresses of creditors, together with the amounts of their claims to ensure notices and reports can be issued to the creditors. We will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. We are required to undertake this work as part of their statutory functions.

Dividends: We have to undertake certain statutory formalities in order to enable us to pay a dividend to creditors. This include writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

Note 5 – Statutory

Statutory - preparation of reports and compliance with statutory matters pertaining to the IA86, IR16, together with compliance with SIPs.

Note 6 – Trading

This is work associated with the ongoing trading of the business and work out of the debtors' ledger.

Notice of decision procedure by deemed consent (creditors' committee)

CLS Finance Limited – in Administration
Company Number 05032892

NOTICE IS GIVEN by Lee Manning and Mark Supperstone to the creditors of CLS Finance Limited of an invitation to establish a Creditors' Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016.

- 1 In addition to seeking a decision on the matters set out in the accompanying notice, creditors are also invited to determine, at the same time, whether a Creditors' Committee should be established. The deemed consent procedure is being used and the decision being sought is that a Creditors' Committee is NOT established.

Please note that unless 10% of the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 3 June 2020, the Decision Date.

- 2 A Committee may be formed if a minimum of 3 and a maximum of 5 creditors are willing to become members.
- 3 Nominations can only be accepted for a creditor to become a member of the Committee if they are an unsecured creditor and have lodged a proof of their debt that has not been disallowed for voting or dividend purposes.
- 4 The specified date for receipts of nominations for creditors to act as a member of the Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016 is 3 June 2020, the Decision Date.
- 5 If you object to the decision being sought, i.e. if you want a Creditors' Committee to be established, please complete the form sent with this notice. The completed document should be returned to Jake Nixon of ReSolve Advisory Limited so that it is received by no later than 23.59 hours on 3 June 2020, the decision date.

Note: Further information on the rights, duties and the functions of a Committee is available in a booklet published by the Association of Business Recovery Professionals (R3). This booklet can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>. If you require a hard copy of the booklet please contact Charmaine Doyle of ReSolve Advisory Limited by email at charmaine.doyle@resolvegroupuk.com, or by phone on 020 7702 9775.

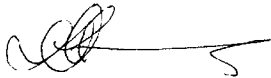
The final date for votes to establish a committee is 3 June 2020, the decision date.

1. To object to this decision, creditors must deliver to me at my offices at 22 York Buildings, London, WC2N 6JU a duly completed notice of objection by no later than 23.59 hours on 3 June 2020, the Decision Date, together with proof of their debt, (if not already lodged) without which objections will be invalid. **In light of the current coronavirus outbreak, the Administrators' office is closed, and my colleagues are working from home.** Accordingly you are encouraged to return any forms or correspondence in respect of this matter by email to charmaine.doyle@resolvegroupuk.com rather than by post to ensure it is received ahead of the deadline.
2. Creditors must lodge proof of their debt (if not already lodged), by no later than 23.59 hours on 3 June 2020, without which, objections will be invalid.
3. Creditors should note that it is my responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then I will write to creditors to seek approval for this decision using a qualifying decision process.
4. Creditors with small debts, that is claims of £1,000 or less, must have lodged proof of their debt for their vote to be valid.

5. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decision provided they have lodged proof of their debt.
6. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
7. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors' Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of 3 June 2020 the Decision Date.

Creditors requiring further information regarding the above, should either contact me at ReSolve Advisory Limited, 22 York Buildings, London, WC2N 6JU or contact Charmaine Doyle by telephone on 020 7702 9775 , or by email at charmaine.doyle@resolvegroupuk.com. In light of the current coronavirus outbreak, the **Administrators' office is closed, and my colleagues are working from home. Accordingly you are** encouraged to return any forms or correspondence in respect of this matter by email to charmaine.doyle@resolvegroupuk.com rather than by post to ensure it is received ahead of the deadline.

Dated this 18 May 2020



Lee Manning
Joint Administrator

NOTICE OF OBJECTION TO DEEMED CONSENT

CLS Finance Limited – in Administration
Company Number 05032892

If you agree with the proposed decisions, then you do not need to do anything, and can disregard this form.

Please note that if you object to the decision then you are saying that you want to establish a Committee. That will incur additional costs, so please only object if you are prepared to act as a Committee member or can nominate another creditor who is willing to act.

The following decision is sought from the creditors of CLS Finance Limited by way of a Deemed Consent Procedure;

1. That a Creditors' Committee should NOT be established.

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

THIS DECISION IS OBJECTED TO BY

Name of creditor: _____

Signature of creditor: _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which
signing document: _____

Date: _____

Note: The completed form should be delivered to Charmaine Doyle, either by posting it to of ReSolve Advisory Limited, 22 York Buildings, London WC2N 6JU or by emailing it to charmaine.doyle@resolvegroupuk.com, so that it is delivered by 23.59 hours on 3 June 2020 in order to be counted as an objection. It must be accompanied by proof of the debt, unless one has already been submitted. Failure to do so will lead to this objection being invalid. In light of **the current coronavirus outbreak, the Administrators' office is closed**, and my colleagues are working from home. Accordingly you are encouraged to return any forms or correspondence in respect of this matter by email to charmaine.doyle@resolvegroupuk.com rather than by post to ensure it is received ahead of the deadline.

Please note that unless 10% of the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 3 June 2020, the Decision Date.

Proof of debt

CLS FINANCE LIMITED - IN ADMINISTRATION		
Date of administration: 26 March 2020		
1.	Name of creditor (If a company please also give company registration number).	
2.	Address of creditor for correspondence.	
3.	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration.	
4.	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting).	
5.	If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
7.	Particulars of any security held, the value of the security, and the date it was given.	
8.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
9.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
For Administrators' Use only		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Joint Administrator		Joint Administrator

Estimated financial position

CLS Finance Limited - in Administration

Estimated Financial Position as at 26 March 2020		Book value	Estimated to realise
	Notes	£	£
Assets specifically pledged			
Debtors' ledger - Conister IWFA	1	5,372,591	3,116,103
Total assets specifically pledged		5,372,591	3,116,103
Less: Conister IWFA		(5,372,591)	(5,372,591)
Surplus/(Deficiency) available to Conister under fixed charge c/d		-	(2,256,488)
Assets specifically pledged			
Debtors' ledger - Block Agreements	2	10,631,061	6,166,015
Total assets specifically pledged		10,631,061	6,166,015
Less: Conister		(3,859,241)	(3,859,241)
Less: Arkle		(490,281)	(490,281)
Less: Close Bros		(21,995)	(21,995)
Less: LGB		(2,247,400)	(2,247,400)
Less: Seneca		(1,110,488)	(1,110,488)
Less: Shawbrook		(2,968,964)	(2,968,964)
Less: Siemens		(3,224,973)	(3,224,973)
Less: CLSF Pension		(752,128)	(752,128)
Surplus/(Deficiency) available to the Secured Lenders under fixed charge c/d		(4,044,409)	(8,509,454)
Assets specifically pledged			
Leasehold property		-	-
Total assets specifically pledged		-	-
Less: CLSF Pension	3	(752,128)	(752,128)
Less: LGB	3	(2,247,400)	(2,247,400)
Less: Conister	3	(3,859,241)	(3,859,241)
Surplus/(Deficiency) available to the Secured Lenders under fixed charge c/d		(6,858,769)	(6,858,769)
Assets not specifically pledged			
Intercompany balance	4	1,458,351	72,918
VAT refund	5	8,711	-
Cash at bank		33,004	33,004
Total assets not specifically pledged		1,500,066	105,921
Amount available to preferential creditors			105,921
Estimated preferential creditors' claims			(2,176)
Net property			103,745
Prescribed part of net property c/d			(23,749)
Amount available to the secured creditor under floating charge			79,996
Secured creditor deficiency - CLSF Pension c/d only	6		(752,128)
Surplus / (Deficiency) to secured creditor - CLSF Pension c/d			(672,132)
Total assets available to unsecured creditors including estimated prescribed part of net property where applicable (brought down)			23,749
Funds available to unsecured creditors			23,749
Unsecured creditors			
Trade creditors			(22,576)
HMRC			(72,480)
Directors' loans			(170,000)
Total unsecured creditors			(265,056)
Surplus/(Deficiency) to unsecured creditors			(241,307)
Deficit to the Secured Lenders b/d			
Conister IWFA shortfall	7		(2,256,488)
Less: Conister	1		(2,239,390)
Less: Arkle	1		(284,363)
Less: Close Bros	1		(12,757)
Less: LGB	1		(1,303,492)
Less: Seneca	1		(644,093)
Less: Shawbrook	1		(1,721,999)
Less: Siemens	1		(1,870,484)
Less: CLSF Pension	8		(672,132)
Total deficit to secured creditors			(11,004,158)
Issued and called up capital			
Ordinary shares			(100,000)
			(100,000)
Estimated total surplus / (deficiency) as regards to members			(11,345,465)

The above excludes costs of the Administration

Notes

- Reduction in indebtedness based on a 58 per cent recovery based on estimated delinquency rate as at 7 May 2020.
- Estimated recovery at 58 per cent based on estimated delinquency rate as at 7 May 2020. This estimate does not include recoveries from vehicles of defaulting customers where repossessions occur. Given the high level of present delinquency the value of repossessions could be material.
- Indebtedness carried down from above for the debenture lenders.
- Estimated at 5 per cent recovery.
- Outstanding pre appointment returns and any refund is subject to Crown offset. Assumed no recovery.
- 1st ranking floating charge carried down only.
- Carried down from Conister IWFA shortfall above.
- Carried down from floating charge shortfall above.

Creditors' schedule

Creditor name	Address 1	Address 2	Address 3	Address 4	Address 5	Amount (£)
Secured						
Conister WFA	Calendon House	Victoria Street	Douglas	Isle of Man	IM1 2LN	5,372,591
Conister	Calendon House	Victoria Street	Douglas	Isle of Man	IM1 2LN	3,859,241
Akle	52 - 620 Sanders Road		Wellingborough		NN8 4BX	490,261
Close Bros	Bridge House	Hesslewood Country Office Park	Ferry Road	Hessle	HU13 0PB	21,995
LGB	31 Dover Street		London		W1S 4ND	2,247,400
Seneca	12 The Parks		Haydock		WA12 0JQ	1,110,488
Shawbrook						2,968,964
Siemens	Seton Park		Bells Hill	Stoke Poges	SL2 4JS	3,224,973
CLSF Pension	Unit 2 Alexandra Street		Hyde		SK14 1DX	752,128
Preferential creditors						20,048,061
Employees	Withield					2,176
Unsecured						2,176
Ace Recovery	302 Iichfield road	Sheffield	Walsall	West Midlands	WS4 1PQ	140
Bonafidee	1st Floor/3 Century Place		Lamberts Rd	Turndridge Wells	TN2 3EH	890
BW Legal						160
Conister Bank WFA	Calendon House	Victoria Street	Douglas	Isle of Man	IM1 2LN	-
Cyber computers	Northern House		Moss Street East	Ashton Under Lyne	OL6 7BX	200
Commercial Claims	PO Box 1151		Bromley		BR1 9WB	-
Castle Water						-
Daves McLennan	93 Wellington Road North		Stockport	Cheshire	SK4 2LR	12,000
HM revenue & Customs	Insolvency Claims Handling Unit	Benton Park View	Longbenton	Newcastle	NE98 1ZZ	-
HM Revenue & Customs	NI Contributions and Employers				BX9 1BX	15,223
HM Revenue & Customs	Corporation Tax Services				BX9 1AX	57,257
Horizon Parking	Frinton House	2 Hanbury Road	Chelmsford	Essex	CM1 3AE	80
Keeley Travs	Canal Side Lodge	George Street	Fallsworth	Manchester	M35 9BW	555
Mersey Flow	PO Box 327		Runcom		WA7 9DW	40
Neopost Ltd						-
Primio Interactive	Regus House	Herons Way	Chester Business Park	Chester	CH4 9QR	3,966
Sage						-
TransUnion (Call Credit)	One Park Lane		Leeds		LS3 1EP	4,545
Shaun Young - Directors' loan	Withield			West Yorkshire		170,000
						265,056
Total						20,315,292