

AM10

Notice of administrator's progress report



Companies House

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1	Company details	
Company number	0 5 0 3 2 8 9 2	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	CLS Finance Limited	
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	① Other administrator Use this section to tell us about another administrator.
Surname	Supperstone	
5	Administrator's address ^②	
Building name/number	22 York Buildings	② Other administrator Use this section to tell us about another administrator.
Street		
Post town	London	
County/Region		
Postcode	W C 2 N 6 J U	
Country		

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Notice of administrator's progress report

6 Period of progress report

From date	^d <div>2</div>	^d <div>6</div>	^m <div>0</div>	^m <div>9</div>	^y <div>2</div>	^y <div>0</div>	^y <div>2</div>	^y <div>3</div>
To date	^d <div>2</div>	^d <div>5</div>	^m <div>0</div>	^m <div>3</div>	^y <div>2</div>	^y <div>0</div>	^y <div>2</div>	^y <div>4</div>

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d <div>2</div>	^d <div>5</div>	^m <div>0</div>	^m <div>4</div>	^y <div>2</div>	^y <div>0</div>	^y <div>2</div>	^y <div>4</div>
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**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 **Lee Manning**

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**

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Please make sure you have remembered the following:

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

**Important information**

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

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CLS Finance Limited - In Administration

Administrators' progress report

For the period 26 September 2023 to 25 March 2024

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1. ABBREVIATIONS AND DEFINITIONS

Abbreviations and terms that may be used in this progress report:

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
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
HSBC	HSBC Bank plc
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. INTRODUCTION

As you may be aware, Mark Supperstone and I were appointed as Joint Administrators of the Company on 26 March 2020.

This report is the Administrators' eighth report on the progress of the Administration and covers the period from 26 September 2023 to 25 March 2024 (the Reporting Period). This should be read in conjunction with the Administrators' proposals dated 18 May 2020 (the Proposals) and previous progress reports, copies of which are available on request to this office free of charge.

Please find attached the statutory information relating to the Company at Appendix I.

3. ADMINISTRATORS' ACTIONS SINCE THE LAST REPORT

A summary of the matters dealt with during the Reporting Period are outlined below:

- Retained solicitors, CMS, to provide legal advice on the following (not exhaustive):
 - Continued legal and technical advice in respect of areas of challenge within the reconciliation of the debt claimed by CLSF Pension; and,
 - Provided advice regarding the court application brought by the Trustees of CLSF Pension pertaining to the adjudication by the administrators on the CLSF Pension debt level claimable in the administration;
 - Negotiated a settlement of the CLSF Pension's debt.
- Liaised with the Secured Lenders as to their contractual entitlements with regard to them retaining surplus funds on their individual loan books beyond the level of their secured debt plus accrued interest and allowable charges;
- Prepared periodic financial updates for the individual Secured Lenders regarding the Administration progress and costs involved specifically relating to debt collection run off of the loan book, and accounting and distribution of funds to those Lenders;
- Continued to liaise with the Company's pre-appointment banker, HSBC, regarding the transfer of credit balances being made into the Company's pre-administration bank account to avoid any unnecessary disruption to collections;
- Prepared and paid three interim distributions (44 distributions paid in total) to four Secured Lenders under the Administrators' role as debt collection agents for those independent Secured Lenders who had debts formally assigned to them;
- Prepared detailed Estimated Outcome Statements for floating charge holders under different scenarios and held update discussions with them regarding these estimates;
- Declared and paid a first and final dividend to the preferential creditors;
- Corresponded with the Company's internal bookkeeper regarding various aspects the Company's financial information;
- Correspondence with unsecured creditors and updating our system with their claims when proofs of debt are received;
- Liaised with Conister regarding the outsource of collections operations and ongoing trading activities;
- Liaised with customers regarding various queries and refunds where applicable;
- Prepared and paid customer refund requests where applicable;
- Liaised with PCA regarding the progress of ongoing business rate reviews;
- Liaised with HMRC regarding the preparation of outstanding pre-appointment and post-appointment VAT returns;

- Liaised with HMRC regarding outstanding pre and post appointment tax liabilities;
- Prepared and issued an application to the Court to extend the Administration;
- Obtained and filed court order extending the Administration of the Company by no more than 24 months;
- Wrote to creditors and members regarding the extension of the Administration;
- Prepared and issued the Administrators' previous progress report; and
- Addressed statutory duties associated with the Administration.

4. RECEIPTS AND PAYMENTS

My receipts and payments account for the Reporting Period is attached at Appendix II.

5. ASSETS

Debtors

The management accounts of the Company as at 31 March 2020 indicate the following amounts were 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 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 vest 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.

Due to the volume of the debtors' ledger, the Administrators continued to operate the business, on a limited basis, with consent of all Secured Lenders to facilitate the orderly collection of amounts due to the Secured Lenders and/or the Company on c. 4,000 live contracts.

The Administrators previously sought and received 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.

The role of primary collection agent for the Company has since been outsourced by the Administrators to Conister in accordance with the terms of the Outsourcing Agreement which was executed on 7 January 2021 and effective from 1 February 2021. Under the terms of the Outsourcing Agreement, Conister is paid a fee of 14 per cent of realisations, which includes its holding costs (but excludes direct expenses for example in respect of vehicle collection / repossession costs). Conister's collection operations are ongoing and the Company's debtors' collection function remains in place. It should be noted that the Company's retained collection staff employees were transferred to Conister in accordance with the Outsourcing Agreement and TUPE. In a previous Reporting Period, Conister sought to assign this outsourcing agreement to another entity within its group, to which the Administrators consented. This assignment is not anticipated to have any effect on the current estimated

outcome of the collection of debts.

Following collection of debtors' periodic payments, the amounts are allocated to the Lender to which they relate and are then distributed periodically to that Lender, net of allocated costs. The Administrators will continue to liaise with Conister, as collection agent, to facilitate these distributions.

As at 25 March 2024, customer debt collections post Administration totalled c.£11m. Further recoveries are being made on a daily basis as and when customers pay. Of this sum £170,287 was received in respect of "other" or "free" customer debt collections which are not assigned to any specific lender and may be available to the Company's estate generally for the benefit of preferential creditors (and thereafter, floating charge holders and unsecured creditors (in respect of the prescribed part only)).

As at 31 March 2024, the Company's debtors' ledger showed a 60 day plus arrears delinquency rate (i.e. percentage of agreements in arrears) of over 55 per cent. Delinquency rates are higher than would be anticipated, however this is considered to be as a result of the adverse wider financial climate resulting from the lasting effects of 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 and considering requests for forbearance in respect of the debtors' obligations, where necessary.

Realisations in respect of the Company's debtors' ledger remain uncertain as the impact on the wider UK economy following the continued impact of Covid-19 and further significant increases in the rate of inflation may have damaged some customers' ability to meet their obligations, impacting collections and delinquency rates thus far. Future effects on collections will greatly depend on the rate of recovery of the UK economy in the wake of the wider global economic climate and the impact of the rising cost of light, heat, fuel and power on lower income households.

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 hundred vehicles may need to be recovered over the coming months.

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. Following correspondence with Conister, it is considered that realisations are unlikely from this source. However, the Administrators will update creditors in subsequent reports of any subsequent recoveries made.

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 computer equipment that was initially required for ongoing trading.

Continued use of the IT equipment was allowable in accordance with Outsourcing Agreement with Conister. It is considered likely that the costs of realising the same following the termination of the Outsourcing Agreement will negate the benefit. The Administrators will continue to update creditors in their subsequent reports.

6. DIVIDEND PROSPECTS

Secured creditors

A schedule of the secured creditors is detailed below:

Name	Date of Creation	Date of Registration	Type	Status
Arkle	6 June 2013	12 June 2013	Block discounting, contains fixed and floating charge	Outstanding
Conister	4 January 2011	26 January 2011	Block discounting, fixed and floating charge charges	Outstanding
Conister	4 September 2018	11 September 2018	Fixed and floating charge debenture	Outstanding

Close Bros	12 December 2016	12 December 2016	Block discounting, contains fixed charge	Satisfied on 11 September 2020
LGB	15 November 2016	21 November 2016	Fixed and floating charge debenture	Outstanding
Seneca	18 November 2015	24 November 2015	Block discounting, contains fixed and floating charges	Outstanding
Shawbrook	27 February 2015	27 February 2015	Block Discounting, contains fixed charge	Satisfied on 25 January 2022
Siemens	16 April 2010	23 April 2010	Block discounting, fixed and floating charge	Outstanding*
CLSF Pension	10 December 2012	22 December 2012	Fixed and floating charge debenture	Outstanding**
Singers Corporate Asset Finance Limited (owned by Shawbrook)	6 June 2011	7 June 2011	Block discounting, contains fixed charge	Satisfied on 25 January 2022

*The secured debt owing by the Company to Siemens has been paid out in full (plus interest and other charges), however, the status of the charge on Companies House has not yet been updated as they are continuing to realise customer receipts as they have claimed rights to collect surplus funds (further details are provided below).

**It is the Administrators' position that the debt in relation to the security held by CLSF Pension has been satisfied in full.

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 25 September 2023, £1,771,944 has been received on behalf of Conister pursuant its IWFA lending, of which £25,898 has been received during the Reporting Period. All receipts incorrectly received have been transferred to Conister.

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.

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.

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. Close Bros' debt was repaid in full on 24 August 2020 and the remaining sums collectible were transferred to the Company's estate.

On 16 September 2021, Shawbrook's debt was repaid in full. Shawbrook subsequently agreed to assign the remaining sums collectible back to the Company's estate. Accordingly, a Deed of Assignment was prepared for Shawbrook's execution, and has since been executed. In light of such, Shawbrook's outstanding charges were satisfied and filed at Companies House on 25 January 2022.

In July 2022, Siemens confirmed that they will be exercising their right of ownership over their assigned customer contracts and will still receive distributions following their charge being paid out in full. Accordingly, Siemens are entitled to distributions in excess of their secured debt.

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.

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, payment of preferential creditors and allocation of any Prescribed Part (further detailed below).

As previously advised, the Administrators engaged solicitors, CMS, and Counsel, Mr Boardman QC, to provide advice regarding the Secured Lenders security and validity of the same.

During a previous Reporting Period, it was agreed between the Secured Lenders that the deed of priority, whereby the CLSF Pension ranks first in priority, would be adhered to.

Distributions to the Secured Lenders

Please refer to section 5 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 up to and including the end of the Reporting Period and the sum of distributions paid to each Secured Lender in respect of the same, after retention of funds for provision of trading the Company, collection fees and contingencies. It should be noted that due to the determination that the CLSF Pension are first ranking floating charge holders, their claim will be paid out in full (plus interest) prior to any distributions being made to LGB:

Secured Creditor	Claims* (£)	Distributed (£)	Forecasted Timing for Repayment
Arkle	253,649	226,749	44 interim distributions paid to date
LGB	1,400,241	Nil	Uncertain, ongoing correspondence
Conister	14,462,620	4,600,729	44 interim distributions paid to date, repayment to continue for up to 6 months
Shawbrook	1,110,487	1,069,075	16 interim distributions and 1 final distribution paid – secured debt has been repaid in full
Close Brothers	21,995	21,995	3 interim distributions and 1 final distribution paid – secured debt has been repaid in full
Siemens	250,977	319,915	41 interim distributions paid to date, as reported above, Siemens will continue to receive distributions over their claim

			amount due to the exercising their right of ownership over the customer contracts
Seneca	1,049,769	1,164,636	41 interim distributions paid to date, Seneca has also exercised their right of ownership over the customer contracts
CLSF Pension	903,128	827,575	5 interim distributions paid to date
Total	19,452,866	8,230,674	

*As provided by the Secured Creditors.

On 11 September 2020, following Close Bros recovering its indebtedness in full, it filed a satisfaction of its charge against the Company at Companies House. Accordingly, any further recoveries made on contracts assigned to Close Bros will now be considered "free" Customer Contracts and therefore available to the Company's general estate.

On 9 December 2021, Siemens recovered its indebtedness in full, and the Administrators are liaising with Siemens in relation to satisfying the charge on Companies House. As previously advised, any further recoveries will be distributed to Siemens due their right of ownership over the assigned customer contracts.

On 25 January 2022, following Shawbrook recovering its indebtedness in full, it filed a satisfaction of its charge against the Company at Companies House. Accordingly, any further recoveries made on contracts assigned to Shawbrook will now be considered "free" Customer Contracts and therefore available to the Company's general estate.

As at the end of the Reporting Period, the Administrators have made 44 interim distributions to Block Lenders (i.e. excluding any floating charge distributions) totalling £7,466,192 and intend to make further interim distributions on a monthly basis as further recoveries are made. Of that amount, £55,197 was distributed during the Reporting Period.

Debtenture Lenders

After payment of expenses of the Administration and the preferential creditors, 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. As previously advised, it was concluded that the deed of priority between the CLSF Pension and LGB is upheld, therefore the CLSF Pension claim is to be paid out in full (plus interest) prior to LGB receiving any distribution under their floating charge.

Total distributions to the Debtenture Lenders are dependent on the level of realisations from the "free" Customer Contracts, which are presently uncertain.

The initial claim amounts submitted by the CLSF Pension was £903,128 plus interest accrued from the date of Administration up to the date of payment. Prior to the Reporting Period, the Administrators had distributed £604,575 to the CLSF Pension, which the Administrators believed satisfied the CLSF Pension claim in full, including interest accrued during the Administration period. However, the CLSF Pension disputed the adjudicated amount and engaged Shoosmiths and RSM to represent them on this matter.

Extensive correspondence was exchanged between the Administrators and the CLSF Pension via their lawyers during the previous reporting period and on 3 August 2023, Shoosmiths notified the Administrators (via service to CMS) that on 23 September 2022, the CLSF Pension filed an application to appeal against a decision on a proof under Rule 14.8 of IR16 (the 14.8 Application) claiming that the CLSF Pension's secured claim was £1,337,486 including interest and legal costs.

A Court hearing was held on 17 October 2023 and the decision was handed down on 23 October 2023, ruling in favour of the CLSF Pension. The Court agreed that the CLSF Pension's secured claim should be admitted in full. As a result, there will be insufficient funds in the Administration to enable any distributions in the administration to the second ranking floating charge holder, LGB in respect of its floating charge security.

On 30 January 2024 a further distribution of £223,000 was made to the CLSF Pension however, we are working to determine whether any further distributions can be made. To date, a total of £827,575 has been distributed to the CLSF Pension in respect of its indebtedness.

Preferential creditors

The below table summarises the preferential claims received to date:

	As per the estimated financial position (£)	RPS Claim (£)	Employee Claims (£)
Preferential creditor	2,176	4,790	4,276

Upon appointment, the books and records of the Company indicated the following:

- Wages have been paid in full; and,
- Holiday pay is outstanding for the redundant employees to the sum of £2,176.

The Administrators have subsequently received a proof of debt from RPS, noting a preferential claim of £4,790, and received claims for outstanding holiday pay from employees totalling £4,276.

The Administrators notified preferential creditors of the intention to distribute a first and final dividend and issued the distribution during the Reporting Period. The preferential claims have been settled in full.

Unsecured creditors

The Statement of Affairs included unsecured creditors with an estimated total liability of circa £265,000. The Administrators have received claims totalling £355,506. However, no adjudication on claims has been completed nor have the Administrators formally requested that creditors submit claims at this time.

As detailed earlier, the Company granted floating charges to CLSF Pension, LGB and Conister and, accordingly, the prescribed part provisions will apply.

Based on present information, due to the increased CLSF Pension claim, the Company's financial position indicates there are insufficient assets to enable the Administrators to pay a dividend to non-preferential unsecured creditors. In any event, a distribution of the Prescribed Part of the net property will be made in due course. The Administrators will update creditors further in their subsequent reports once the matters cited above in respect of the debtor collections have been resolved.

7. INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

The Administrators undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation. The Administrators took into account the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. The Administrators took the following action where they considered that further investigation was justified:

- Reviewed the Company's intercompany account with CR Services Limited;
- Engaged MAPS to conduct a detailed analysis of the Company's bank statements;
- Identified certain transactions that required further explanation as they may represent antecedent transactions (the Queried Transactions) which could give rise to significant recoveries;
- Prepared and issued letters to various parties (associated and non-associated) requesting further information on the Queried Transactions;
- Followed up responses from certain of the parties;
- Considered the additional information provided from certain of the parties;
- Issued initial demand letters to certain of the parties;
- Engaged CMS to issue formal demand letters to certain of the parties;

- Liaised further with CMS to determine the appropriate next steps of pursuing certain of the parties; and,
- Liaised with CMS as to the consideration of certain settlement offers.

Investigations are presently still ongoing, but it is believed there may be further claims which can be pursued.

Should any further claim(s) be brought the Administrators will update creditors in due course.

8. PRE-ADMINISTRATION COSTS

As agreed with Conister on 25 March 2020, pre-administration costs were proposed to be fixed at £5,000 plus expenses 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 the relevant class(es) of creditors.

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

9. ADMINISTRATORS' REMUNERATION

On 3 September 2020, the Administrators received approval from the Secured Creditors to be remunerated by reference to time costs at a discounted rate of 30 per cent. However, the Administrators will seek an uplift to 100 per cent of their time costs should the Secured Lenders be repaid in full.

Subsequently, the Administrators received approval from Secured Creditors in September 2021 to draw fees of £283,103, being the fees incurred under the floating charge up to 31 August 2021 (including the agreed discount of 30 per cent).

As part of the 14.8 Application, the Administrators obtained approval from the CLSF Pension to draw further remuneration from the floating charge realisations within the Administration estate. Accordingly, following the Reporting Period, the Administrators drew £70,000 in respect of post-appointment remuneration. Overall, the Administrators have consent to draw fees of £554,267 under the floating charge, of which £353,103 has been drawn to date.

Details of time costs and expenses to date are provided at Appendix IV. The Administrators' time costs for the Reporting Period total £97,849 representing 209 hours' time at an average charge out rate of £468. The Administrators' time costs since appointment total £1,370,210 representing 3,536 hours' time at an average rate of £388.

Of time costs incurred, certain amounts relate to the Administrators' work in acting as collection agents for the Secured Lenders. The Administrators advise that of the time costs outlined at Appendix IV the allocation between the Administration and Secured Lenders is as per the following table, noting that from the commencement of the Outsource Agreement (being from 1 February 2021), the Administrators have amended the percentage allocation split on the basis that the Administrators are no longer acting as debt collection agents for the Company. The percentage allocation was further amended from 1 January 2022 to reflect changes in the Administrators' debt collection role:

Category	Percentage charged PRE Outsource Agreement (%)	Percentage charged POST Outsource Agreement (%)	Percentage charged from 1 January 2022 (%)
Administration and planning (case planning only)	25	25	25
Creditors (secured creditor tasks only)	45	30	10
Investigations	Nil	Nil	Nil
Realisation of assets	100	30	10
Statutory	Nil	Nil	Nil
Trading	100	100	100

Total debt collection fees charged for the Administration period (up to 31 March 2024) are as follows:

Category	Total Debt Collection Fees
Admin & Planning	12,656
Creditors – Secured	94,400
Realisation of Assets	89,845
Trading	439,792
Sub Total	636,693
Less: Discount at 30%	(191,008)
Total	445,685

The sections effected are highlighted in yellow at Appendix IV 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 of any further changes in the proposed percentage allocation splits, if applicable.

The Administrators have not drawn any fees in respect of debt collection costs during the Reporting Period.

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 creditor approval. This estimate was provided at an early stage in the Administration and before the Administrators had full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it was based on knowledge of the case at the time it was prepared 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 the unknown complexities or difficulties that have arisen during the Administration of the case.

The Administrators cannot draw remuneration in excess of this estimate without first obtaining approval to do so. Accordingly, where the Administrators consider it appropriate in the context of the case, a resolution could be sought to increase the fee estimate so that the Administrators will then be able to draw additional remuneration over and above this estimate. However, the based on the financial position of the Company, the Administrators do not expect to request an increase in the approved fee estimate, despite incurring fees in excess of the original estimate.

The Administrators detail below a comparison between the original fee estimate (for a 12-month Administration) provided to creditors and the time incurred during the Administration period to date:

Description	Fee estimate (£)	Incurred to date (£)
Administration and planning	195,640	204,672
Investigations	55,028	90,007
Realisation of assets	249,030	128,593
Creditors	374,535	416,273
Statutory	45,695	111,633
Trading	195,580	419,032
Total	1,115,508	1,370,210

As you see from the table above, I have already incurred time costs in excess of my fees estimate previously provided to creditors and I envisage still incurring further time costs to conclude all matters in the administration.

Below is a summary of the additional work required that was not previously anticipated:

- Dealing with a complicated lending and security structure and extensive reporting to the Company's secured creditors throughout the Administration;
- Extensive work to review the CLSF Pension claim and subsequently dealing with the CLSF Pension claim dispute, including the 14.8 Application;
- Conducting additional investigation into various antecedent transactions;
- Submission of an application to the Court for preference payments made to connected parties;
- Engaging and liaising with the Company's pre-appointment accountant in relation to the preparation and submission of a terminal tax relief claim to HMRC;
- Applications to Court for the extension of the Administration period; and
- Additional statutory and reporting obligations required due to the extended Administration period.

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/>.

The relevant creditor's guide to Administrators' Fees can be found under the heading Creditor Guides on my website at <http://www.resolvegroupuk.com/resources/>. Please note there are different versions of the guides, and in this case you should refer to the latest version. A hard copy can be obtained on request, free of charge, from this office.

10. ADMINISTRATORS' EXPENSES

My expenses to date amount to £7,796, of which none was incurred in the Reporting Period relating to category 1 expenses. I confirm the basis of charging category 2 expenses was approved by creditors on 7 October 2022.

At present no sums have been drawn in respect of the Administrators' expenses.

The following expenses have been incurred during the Administration:

Post-appointment	Category 1 £	Category 2 £	Total £	Incurred in period £	Paid to date £	Estimated future £
Bonding (Insurance)	1,280	-	1,280	-	-	-
Customer Refunds	1,183	-	1,183	-	-	-
Contractors	1,194	-	1,194	-	-	-
IT Support	92	-	92	-	-	-
Postage	980	-	980	-	-	500
Franking (Postage)	727	-	727	-	-	500
Professional Services	8	-	8	-	-	-
Communications	909	-	909	-	-	1,000
Data Protection	73	-	73	-	-	40
Expenses	1,350	-	1,350	-	-	-
Total	7,796	-	7,796	-	-	2,040

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 category 1 expenses in respect of franking, postage etc. These costs are incurred directly by ReSolve and recharged to the case.

The following professional advisors have been utilised in this matter:

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date £	Incurred in Reporting Period £	Paid in Reporting Period £	Paid to date £	Estimated Future Fees £
CMS	Legal	Time costs	317,368	54,157	54,157	263,211	100,000
Chris Boardman QC	Legal Counsel	Time costs	17,972	-	-	17,972	-
Stuart Reid	Compliance	Monthly Retainer: £6,500 per month	54,600	-	-	54,600	-
MAPS Solutions	Agents Fees	Mixed- time costs and fixed hire costs	19,320	-	-	19,320	-
Clumber Consultancy	Pension Adviser	Fixed fee	1,000	-	-	1,000	-
Davies McLennon	Professional Fees	Fixed fee	14,400	-	-	9,400	-
PCA	Rates Review	Percentage of Realisations	-	-	-	-	Unknown
Total			424,660	54,157	54,157	365,503	100,000

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that 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 considerable advice on pursuing connected party claims and voidable preferences, together with ad hoc legal advice

throughout the Administration. CMS engagement is presently ongoing and in particular in respect of the reconciliation and dispute regarding the quantification of the secured claim of the CLS SSAS Pension Fund.

The estimated further future fees are the costs incurred in relation to the CLSF Pension 14.8 Application.

Chris Boardman QC

Chris Boardman QC has been engaged, via CMS, to provide us with a Counsel opinion and further advice generally relating to the priority of the claims of the debenture holders however, Counsel is not currently instructed to complete any further work. The Administrators will continue to consider whether the engagement of CMS should continue in light of current progression.

Stuart Reid

Mr Reid was engaged on a secondee basis for a minimum of six months (with the option to extend for a further three months having been exercised) 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.

An extension was granted to the initial minimum period of the secondment to 3 January 2021, on a 4-day week basis (previously full-time).

From the commencement of the Outsourcing Agreement, Mr Reid is no longer seconded to the Company as Conister is now acting as the primary debt collection agent for the Company.

MAPS Solutions

MAPS Solutions were instructed to assist with security of the Company's property and arranging for a monitored intruder alarm to be installed. Furthermore, MAPS Solutions was 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.

MAPS Solutions were separately engaged to assist the Administrators with their investigations into the Company's pre appointment banking transactions and conduct a detailed analysis of the same.

MAPS Solutions are not currently instructed to complete any further work.

Clumber Consultancy

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

Davies McLennon

Davies McLennon was engaged for the preparation of accounts and submission of a terminal tax loss claim.

PCA

PCA has been engaged to conduct a business rates review of the Company's premises. PCA has also liaised with ratings authorities to determine whether there are any rates refunds due to the Company and sought recovery of the same. This engagement is ongoing.

Whilst not requiring approval, when reporting to creditors during the course of the Administration the actual expenses incurred by these professionals will be compared with the original estimates provided and the Administrators will explain any material differences. It should be noted that legal fees are anticipated to increase over the above estimates if protracted legal advice is required when assessing claim(s) and or it becomes necessary to issue proceedings against parties.

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

11. EXTENSION OF THE ADMINISTRATION

Given that customers' hire purchase agreements vary in length and extend past the statutory Administration period, an application for a third extension to the duration of the Administration was made to the Court.

The Administration was extended with approval of the Court on 23 February 2024. The Administration will now expire on 25 March 2026 unless concluded early.

12. FURTHER INFORMATION AND COMPLAINTS

An unsecured creditor may, with the permission of the court or with the concurrence of five per cent in value of the unsecured creditors (including the creditor in question) request further details of the Administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of ten per cent in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrators' fees and the amount of any proposed expenses or expenses already incurred, within eight weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

At ReSolve we always strive to provide a professional and efficient service. However, we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. Should you have any comments or complaints regarding the Administration, please contact one of the Office Holders in the first instance. If you consider that your comments or complaint have not been dealt with appropriately you should then put details of your concerns in writing to our complaints officer at complaints@resolvegroupuk.com who will then formally invoke our complaints procedure and we will endeavour to deal with your complaint under the supervision of a partner unconnected with the appointment.

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. Any such complaints should be completed online using the form here: www.gov.uk/complain-about-insolvency-practitioner. If you have difficulty accessing the online complaints form, you can also make your complaint through the Insolvency Service Enquiry Line at insolvency.enquiryline@insolvency.gov.uk or telephone: 0300 678 0015.

The Complaints Gateway will in turn determine if such complaint should be addressed by Lee Manning and Mark Supperstone's regulatory body.

Further details of the relevant policies applicable to you can be found here <http://www.resolvegroupuk.com/policies2/>.

13. SUMMARY

The Administration will remain open until the following matters have been finalised:

- Realisation of remaining book debts and other assets;
- Conclusion of investigations into directors' conduct and Company's affairs;
- Resolution of outstanding tax matters with HMRC;
- Conclusion of matters surrounding the CLSF Pension claim and related professional costs; and,
- Completion of distributions to secured creditors and unsecured creditors (being a distribution of the prescribed part, or otherwise).

The Administrators estimate that this may take approximately 12 months. Once these matters have been finalised the Administration will cease and the Company will be dissolved.

Should you have any queries in relation to this matter please do not hesitate to contact Samson Christopher of this office.

Yours faithfully
For and on behalf of
CLS Finance Limited



Lee Manning
Joint Administrator

For enquiries regarding this correspondence please contact:

Contact name: Samson Christopher
Phone number: 020 7702 9775
Email: samson.christopher@resolvegroupuk.com

The affairs, business and property of the Company are being managed by the Administrators.

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, Simon Jagger and Russell Payne 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/.

APPENDIX I

STATUTORY 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
Trading address:	Unit 2, Alexandra Street, Hyde, Cheshire, SK14 1DX
Principal trading activity:	Financial intermediation not elsewhere classified
Registered number:	05032892
Date of incorporation:	3 February 2004
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

On 5 February 2021, permission was granted by secured and preferential creditors to extend the Administration period by twelve months to 25 March 2022. Secured creditor approval was granted via written consent, and preferential creditor approval was obtained via a deemed consent procedure.

On 17 February 2022, permission was granted by the Court to extend the Administration period by two years to 25 March 2024.

On 23 February 2024, permission was granted by the Court to extend the Administration period by two years to 25 March 2026.

APPENDIX II

RECEIPTS AND PAYMENTS ACCOUNT

CLS FINANCE LIMITED - IN ADMINISTRATION
ADMINISTRATORS' RECEIPTS AND PAYMENTS
FROM 26 MARCH 2020 TO 25 MARCH 2024

	Notes	Estimated to realise - Estimated financial position £	For the period 26 September 2023 to 25 March 2024 £	For the period 26 March 2020 to 25 March 2024 £
FIXED CHARGE RECEIPTS				
Debtors' ledger - Conister IWFA		3,116,103	25,898	1,771,944
Debtors' ledger - Master Block Lending Agreement		6,166,015	165,422	8,966,403
Coronavirus Job Retention Scheme		-	-	30,253
		<u>9,282,118</u>	<u>191,320</u>	<u>10,768,600</u>
FIXED CHARGE PAYMENTS				
Conister IWFA			(25,898)	(1,771,944)
Master Block Lending Agreement			(55,197)	(7,466,192)
Office Holders Fees			-	(310,368)
Collection Outsource Costs			(29,398)	(770,662)
Direct Labour			-	(8,574)
Indirect Labour			-	(49,545)
Debt Collection Fees			-	(14,842)
Rent			-	(34,466)
IT Costs			-	(68,211)
Insurance			-	(998)
Employee Related Costs			-	(51)
Sub Contractors			-	(10,255)
Heat and Light			-	(4,891)
Telephone			-	(5,185)
Rates			-	(8,927)
Bank Charges			-	(66)
Hire of Equipment			-	(1,309)
Sundry Expenses			-	(10,826)
Vehicle Running Costs			-	(11,812)
Postage			-	(1,392)
Stationery and Office Costs			-	(11,369)
Agents/Valuers Fees			-	(71,958)
Legal Fees			-	(25,578)
Wages and Salaries			-	(155,617)
PAYE & NIC			-	(46,518)
			<u>(110,493)</u>	<u>(10,861,556)</u>
FIXED CHARGE TOTAL (receipts less payments)	1		<u>80,827</u>	<u>(92,956)</u>

Continued on following page

FLOATING CHARGE RECEIPTS			
Cash at bank	33,004	-	33,004
Intercompany balance	72,918	-	-
Debtors' ledger - Master Block Lending Agreement	-	59,631	1,855,820
VAT refund	-	-	-
Other refunds	-	-	8,139
Terminal Tax Loss Relief	-	-	206,726
Interest	-	2,021	6,178
Connected Party Settlement	-	-	220,000
	<u>105,922</u>	<u>61,652</u>	<u>2,329,867</u>
FLOATING CHARGE PAYMENTS			
Agents/Valuers Fees		-	(23,211)
Professional Fees		-	(15,600)
Legal Fees		(67,444)	(371,913)
Statutory Advertising		(100)	(191)
Office Holders Fees		-	(310,369)
Collection Outsource Costs	2	-	(146,526)
Trading Costs	2	-	(176,124)
First Ranking Floating Charge Holder		(223,000)	(827,575)
Preferential Distribution (RPS and Employees)		(7,698)	(7,698)
PAYE/NIC Deductions		<u>(1,368)</u>	<u>(1,368)</u>
		<u>(299,610)</u>	<u>(1,880,574)</u>
FLOATING CHARGE TOTAL (receipts less payments)		<u><u>(237,958)</u></u>	<u><u>449,292</u></u>
Fixed charge total (receipts less payments)			
			(92,956)
Floating charge total (receipts less payments)			<u>449,292</u>
TOTAL FUNDS IN HAND			<u><u>356,336</u></u>
REPRESENTED BY			
CLS Finance Limited - in Administration current account, non-interest bearing			331,112
CLS Finance Limited (pre-appointment) current account, non-interest bearing (HSBC)			5,853
VAT Receivable			<u>19,371</u>
TOTAL			<u><u>356,336</u></u>

Notes:

- 1 After a detailed reconciliation of the debtor receipts by the Collection Team, an error was found whereby the collections were overstated and funds have been overdistributed to the fixed charge lenders. We are currently finalising our calculations however, we expect to request repayments into the estate from each of the fixed charge lenders. This will rebalance the deficit and cover accrued fixed charge costs.
- 2 Total debt collection costs and trading costs have been applied to the fixed and floating charges on a pro rata basis i.e. as per the percentage of the total debt book collected.

APPENDIX III

ADMINISTRATORS' REMUNERATION POLICY, CHARGE OUT RATES, EXPENSE POLICY AND NARRATIVE

Joint Administrators' charge out rates

The Joint Administrators are 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. The hourly charge out rates to be used on this case are as follows:

Staff grade	Rate per hour from 20 November 2023 (£)	Rate per hour from 1 August 2022 (£)	Rate per hour from 1 May 2021 (£)	Rate per hour from 1 January 2020 (£)
Partner	750 - 795	705 – 795	625 - 755	625 - 755
Director	665 - 695	615	515 - 535	515
Senior Manager	550	500	435	435
Manager	470	420	375	375
Assistant Manager	425	375	305	305
Senior Administrator	350	300	255	255
Administrator	245	245	220	220
Junior Administrator	195	175	175	175

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Advisory Limited. Our cashier is charged at the Senior Associate rate. The charge out rate for Lee Manning, the lead office holder in this case, is £795 per hour.

The charge out rates are reviewed periodically (no more than once a year) and are adjusted to take account of inflation and the firm's overheads.

Expense policy

In accordance with Statement of Insolvency Practice 9, the basis of expense allocation must be fully disclosed to creditors. Expenses are categorised as either Category 1 or Category 2 expenses:

Category 1

These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without creditor approval. Examples of Category 1 expenses are statutory advertising, external meeting room hire, external storage, specific bond insurance, external information hosting charges, and Company search fees.

Category 2

These are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement. Category 2 expenses that are likely to be incurred, and require specific approval include:

Mileage	45 pence per mile paid to staff working on the insolvency appointment
Photocopying	20 pence per sheet of paper for reporting purposes (correspondence will be digital where at all possible to minimise this expense)

Category 1 and Category 2 expenses are subject to the rights of creditors to seek further information about them or challenge them.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors,
- Auctioneers/Valuers,
- Accountants,
- Quantity Surveyors,
- Estate Agents,
- Pension specialists,
- Employment Claims specialists, and
- GDPR/Cyber Security specialists.

Narrative of work carried out:

Administration and Planning

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:

Case planning

- Review and storage of Company records
- Liaising with the directors throughout the administration process
- Case planning, strategy 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

- Case bordereau
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details

Creditors

Work involved in dealing with all classes of creditors.

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.

The office holders need to 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.

Secured

- 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
- Prepare and distribute interim distribution funds to the Secured Lenders and Debenture Lenders
- 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 CLSF Pension with particular reference to the challenges that the CLSF 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
- Dealing with the 14.8 Application

Unsecured

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

Preferential (Employees)

- Completing tasks associated with a first and final distribution to preferential creditors
- Corresponding with employees regarding their claims
- Liaising with the RPS regarding employee claims

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.

- Considering potential antecedent transactions and underlying documents that relate to them
- Liaising with third parties and connected parties regarding pre appointment transactions

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.

Book debts

- Liaising with the 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

Other assets

- Dealing with other miscellaneous asset matters

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.

- Preparation and delivery of all statutory documentation
- Dealing with statutory issues required under IA86, IR 2016 and the Statements of Insolvency Practice

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.

- Liaising with Conister regarding ongoing trading requirements
- Reviewing and processing customer refunds
- Liaising with the FCA regarding compliance with regulatory requirements
- Arrange periodic mail redirections as required

APPENDIX IV

ADMINISTRATORS' TIME COSTS SUMMARY

For the Administration:

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE Cost (£)	ALLOCATION TO COLLECTIONS (%)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		
Administration & Planning										
Case planning / monitoring	43.30	29,991.50	19.50	7,659.50	44.80	11,373.00	107.60	49,024.00	455.61	25
Cashiering	16.60	11,505.00	120.10	52,008.00	188.20	46,804.25	324.90	110,317.25	339.54	
General administration	19.20	13,712.00	24.90	10,055.00	81.73	21,293.25	125.83	45,060.25	358.10	
	79.50	55,478.50	164.50	69,722.50	314.73	79,470.50	558.73	204,671.50	366.32	
Creditors										
Secured	200.20	140,334.00	380.65	135,216.75	94.40	36,678.50	675.25	312,229.25	462.39	10
Preferential	10.50	7,087.50	3.20	1,207.50	6.10	1,453.50	19.80	9,748.50	492.35	
Unsecured	46.50	34,047.50	80.65	33,801.75	60.45	15,448.75	187.60	83,298.00	444.02	
Employees	6.40	4,386.00	8.10	2,513.50	15.90	4,098.00	30.40	10,997.50	361.76	
	263.60	185,855.00	472.60	172,739.50	176.85	57,678.75	913.05	416,273.25	455.92	
Investigations										
General investigation	0.60	413.00	17.20	5,993.00	21.40	7,372.00	39.20	13,778.00	351.48	
D returns	1.20	810.00	4.00	1,220.00	25.80	6,493.00	31.00	8,523.00	274.94	
Other investigation	17.80	12,051.00	102.30	37,703.00	72.30	17,951.50	192.40	67,705.50	351.90	
	19.60	13,274.00	123.50	44,916.00	119.50	31,816.50	262.60	90,006.50	342.75	
Realisation of Assets										
Book debts	18.20	12,328.00	119.50	38,798.50	7.10	2,370.50	144.80	53,497.00	369.45	10
Sale of business / assets	36.30	25,062.50	23.55	8,926.25	34.70	14,753.50	94.55	48,742.25	515.52	10
Property - freehold and leasehold	0.30	208.50	6.80	2,074.00	0.60	261.00	7.70	2,543.50	330.32	10
Other assets	18.10	12,845.50	12.30	4,170.00	18.65	6,794.50	49.05	23,810.00	485.42	10
	72.90	50,444.50	162.15	53,968.75	61.05	24,179.50	296.10	128,592.75	434.29	
Statutory										
Statutory paperwork / form completion	9.30	6,507.50	32.15	12,060.25	36.60	9,378.00	78.05	27,945.75	358.05	
Filing documents with CH / Court	0.50	373.50	1.95	778.25	4.70	1,175.00	7.15	2,326.75	325.42	
Reporting to creditors	23.70	16,017.50	77.80	28,333.50	138.60	37,010.00	240.10	81,361.00	338.86	
	33.50	22,898.50	111.90	41,172.00	179.90	47,563.00	325.30	111,633.50	343.17	
Trading										
Day one matters	-	-	-	-	0.10	43.50	0.10	43.50	435.00	
Ongoing trading administration	0.40	278.00	494.25	179,851.50	185.46	64,024.00	680.11	244,153.50	358.99	100
Close down	-	-	428.10	144,797.50	71.70	30,037.50	499.80	174,835.00	349.81	100
	0.40	278.00	922.35	324,649.00	257.26	94,105.00	1,180.01	419,032.00	355.11	
Total hours and cost	469.50	328,228.50	1,957.00	707,167.75	1,109.29	334,813.25	3,535.79	1,370,209.50	387.53	

For the Reporting Period:

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE Cost (£)	ALLOCATION TO COLLECTIONS (%)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		
Administration & Planning										
Case planning / monitoring	-	-	0.20	105.00	5.20	1,434.00	5.40	1,539.00	285.00	25
Cashiering	0.10	79.50	5.90	2,665.50	20.50	5,437.50	26.50	8,182.50	308.77	
General administration	-	-	1.50	815.00	6.60	1,866.00	8.10	2,681.00	330.99	
	0.10	79.50	7.60	3,585.50	32.30	8,737.50	40.00	12,402.50	310.06	
Creditors										
Secured	18.90	15,025.50	15.20	8,155.00	0.60	255.00	34.70	23,435.50	675.37	10
Preferential	-	-	0.30	160.00	-	-	0.30	160.00	533.33	
Unsecured	7.10	5,644.50	17.90	9,000.00	9.90	2,576.00	34.90	17,220.50	493.42	
Employees	-	-	-	-	0.60	180.00	0.60	180.00	300.00	
	26.00	20,670.00	33.40	17,315.00	11.10	3,011.00	70.50	40,996.00	581.50	
Realisation of Assets										
Book debts	-	-	2.40	1,320.00	2.20	892.50	4.60	2,212.50	480.98	10
Sale of business / assets	-	-	5.30	2,915.00	10.90	4,529.50	16.20	7,444.50	459.54	10
Property - freehold and leasehold	-	-	-	-	-	-	-	-	-	10
Other assets	0.40	318.00	0.30	165.00	0.40	98.00	1.10	581.00	528.18	10
	0.40	318.00	8.00	4,400.00	13.50	5,520.00	21.90	10,238.00	467.49	
Statutory										
Statutory paperwork / form completion	1.10	874.50	-	-	12.60	3,880.00	13.70	4,754.50	347.04	
Filing documents with CH / Court	0.30	238.50	0.10	55.00	0.70	199.00	1.10	492.50	447.73	
Reporting to creditors	-	-	3.90	1,950.00	2.60	600.00	6.50	2,550.00	392.31	
	1.40	1,113.00	4.00	2,005.00	15.90	4,679.00	21.30	7,797.00	366.06	
Trading										
Ongoing trading administration	-	-	26.50	14,155.00	-	-	26.50	14,155.00	534.15	100
Close down	-	-	28.80	12,260.50	-	-	28.80	12,260.50	425.71	100
	-	-	55.30	26,415.50	-	-	55.30	26,415.50	477.68	
Total hours and cost	27.90	22,180.50	108.30	53,721.00	72.80	21,947.50	209.00	97,849.00	468.18	

All costs are exclusive of VAT.