

In accordance with
Rule 3.61(1) of the
Insolvency (England
& Wales) Rules 2016
& Paragraph 84(8) of
Schedule B1 of the
Insolvency Act 1986.

AM23

Notice of move from administration to dissolution



Companies House

FRIDAY



A30 *A7760JQX*
01/06/2018 #224
COMPANIES HOUSE

1 Company details

Company number 0 3 1 3 0 3 5 1
Company name in full Margolis Business Systems Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice

Court number 4 3 9 2 2 0 1 7

3 Administrator's name

Full forename(s) Richard

Surname Keley

4 Administrator's address

Building name/number Arundel House

Street 1 Amberley Court

Post town Whitworth Road

County/Region Crawley

Postcode R H 1 1 7 X L

Country

AM23

Notice of move from administration to dissolution

5	Administrator's name ¹	
Full forename(s)	Michael	1 Other administrator Use this section to tell us about another administrator.
Surname	Solomons	
6	Administrator's address ²	
Building name/number	Arundel House	2 Other administrator Use this section to tell us about another administrator.
Street	1 Amberley Court	
Post town	Whitworth Road	
County/Region	Crawley	
Postcode	R H 1 1 7 X L	
Country		
7	Final progress report	
<input checked="" type="checkbox"/> I have attached a copy of the final progress report		
8	Sign and date	
Administrator's signature	Signature 	
Signature date	d 3 d 1 m 05 y 20 y 18	

AM23

Notice of move from administration to dissolution



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 **Richard Keley**

Company name **BM Advisory**

Address **Arundel House**

1 Amberley Court

Post town **Whitworth Road**

County/Region **Crawley**

Postcode **R H 1 1 7 X L**

Country

DX

Telephone **01293 410333 / 01293 428530**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

TO THE MEMBERS AND ALL KNOWN CREDITORS

Arundel House
1 Amberley Court
Whitworth Road
Crawley RH11 7XL

T +44 (0)1293 410 333
F +44 (0)1293 428 530
E info@bm-advisory.com

www.bm-advisory.com

Our ref: SA/MAR002RK

31 May 2018

Dear Sirs

Margolis Business Systems Limited – In Administration (“the Company”)

Company Number: 03130351

High Court of Justice No. 4392 of 2017

**Registered Office: Arundel House, 1 Amberley Court, Whitworth Road, Crawley, RH11 7XL
(formerly Crayfields Business Park New Mill Road Orpington Kent BR5 3QA)**

Michael Solomons and I, of BM Advisory of Arundel House, 1 Amberley Court, Whitworth Road, Crawley, RH11 7XL, were appointed Joint Administrators of the Company on 20 June 2017, following an application by the directors. The Notice of Appointment was filed in the High Court of Justice under reference number 4392 of 2017.

The Joint Administrators have exercised all of their functions jointly and severally as stated in the Notice of Appointment.

The purpose of this final report is to inform creditors that the Administration will move to dissolution for reasons set out below. Accordingly, I now provide creditors with a final account of the Administration, for the period 20 December 2017 to 31 May 2018 and a copy of form AM10 is attached. This report should be read in conjunction with my earlier reports to creditors, copies of which are available on request.

CONDUCT OF THE ADMINISTRATION

The Company was formed in November 1995 and originally traded as a photocopier sales and service business. It was acquired in 2008 via a leveraged Management Buy Out by the incumbent sales directors, Jonathan French and Richard Shaw, and its Finance Director, Colin Lashmar. Jonathan French left the business in 2010 and Colin Lashmar left in mid-2016. A sales director, Paul Brigden, was appointed in April 2016. The Company is a wholly owned subsidiary of a non-trading holding company, LFS Holdings Limited (“LFS”), which is owned equally by Richard Shaw and Colin Lashmar. The Company is the only investment of LFS.

The Company was an accredited Canon partner and it diversified into reselling electronic document and data management systems software in recent years. It was based at leasehold premises in Orpington, Kent and had an average annual turnover of £1,700,000. The Company employed 10 members of staff and had three directors registered at Companies House at the date of Administration; Richard Shaw (Managing Director), Paul Brigden (Sales Director) and Colin Lashmar.

The Company was primarily funded by HSBC Bank Plc (“HSBC”) and Canon (UK) Limited (“Canon”). HSBC lent to LFS and had direct security over the Company by way of fixed and floating charges and a cross guarantee.

Richard Shaw and Colin Lashmar provided personal guarantees to HSBC of £150,000 each. On Administration, HSBC was owed a net balance of £103,012 which comprised a loan of £173,605, corporate credit cards of £5,284 and a small LFS overdraft of £353, less a Company bank balance of £76,230. Canon had an outstanding loan of £153,148 and trading account with a balance of £61,351 directly to the Company. There is an inter-creditor deed which gives HSBC priority.

In the 12 months leading up to Administration, the Company struggled with cash flow difficulties and entered into a time-to-pay arrangement with HM Revenue & Customs ("HMRC"). It was subsequently cancelled by HMRC due to new tax arrears arising post-arrangement, following which HMRC threatened to issue a winding-up petition against the Company. Accordingly, the directors sought advice from BM Advisory and the Company was placed into Administration.

As previously reported, the business and assets of the Company were sold to Margolis Group Limited ("MGL") by way of a pre-packaged sale for gross consideration of £175,000 shortly after the appointment of Administrators. HSBC's debt owed by the Company was discharged in full on completion and approved costs incurred in respect of the sale by agents, solicitors and the Administrators were also discharged.

As part of the sale, the 10 employees of the Company were transferred to MGL under the Transfer of Undertakings (Protection of Employment) Regulations 2006. MGL also agreed to take on significant liabilities of the Company as follows:

- Repayment of £153,148 in respect of Canon's existing loan and trading balance which together totalled £214,499.
- An outstanding funding facility provided by a critical supplier, Westcoast Limited, of £50,077.

After the sale completed, it was agreed by the Administrators that MGL would collect debtors on behalf of the Company for a collection fee of 10% of realisations. Since my last report, further considerable time has been spent by the Administrators in monitoring the collection of debtors as MGL was slow to account to the Administrators and pay over the collected monies. Various MGL debtors incorrectly paid amounts due to MGL into the Company's old bank account held with HSBC and the Administrators have had to act as an intermediary by liaising with HSBC on a regular basis (prior to closure of the account) and provide the necessary details to MGL as required. After MGL eventually carried out a reconciliation of the position, it was established that debtors totalling £50,984 had been collected by MGL and it has received collection fees totalling £5,098 accordingly.

As all assets had been realised and there were sufficient funds remaining for a distribution to Canon under its floating charge and unsecured creditors (under the prescribed part), the Administrators issued a notice of intended dividend to unsecured creditors which was also advertised in the appropriate gazette, reviewed proofs of debts received and adjudicated on claims before a first and final dividend to unsecured creditors under the prescribed part totalling £11,143 was declared and paid. The balance of £29,570 was distributed to Canon under its floating charge.

In addition, time has been spent fulfilling my statutory compliance and reporting obligations in order to bring the Administration to an end and close my files.

As detailed in my previous reports, the purpose of the Administration was to achieve a better result for the creditors as a whole than would be likely if the Company was placed directly into Liquidation. This was accomplished by completing the pre-packaged sale which included transfer of the workforce. It is also considered that the sale enhanced debtor realisations in Administration as the Company's business was continued by MGL.

The Joint Administrators' proposals attached at **Appendix I** were deemed approved eight business days after they were sent to creditors, namely 10 July 2017. There has been no amendment or deviation from the proposals.

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

Attached at **Appendix II**, is the Joint Administrators' receipts and payments account, for this reporting period, 20 December 2017 to 31 May 2018, together with the whole period of my appointment, detailing a nil balance. The funds were held in an interest bearing estate account. Please note that in accordance with Statement of Insolvency Practice 7, the receipts and payments have been shown gross, although the HSBC secured debt was actually settled directly by the conveyancing solicitor from the secured loan raised by the director on his personal property in order to release the second charge held by HSBC on that property which had supported the directors' personal guarantee to HSBC.

ASSETS

Goodwill (subject to HSBC and Canon's fixed charge)

The directors estimated in their Statement of Affairs ("SoA") that £165,002 would be realised in respect of goodwill, including the benefit (and burden) of the customer contracts and intellectual property rights. As previously reported, it was realised for £165,002 as part of the pre-packaged sale to MGL on 20 June 2017 and the fixed charge holders, HSBC and Canon, consented to the sale.

Office furniture and equipment

It was estimated in the SoA that £5,300 would be realised in respect of office furniture and equipment and, as previously reported, it was sold to MGL for £5,300 as part of the pre-packaged sale.

Stock

It was estimated in the SoA that £4,698 of stock would be realised and, as previously reported, it was sold to MGL for £4,698 as part of the pre-packaged sale.

Book debts

It was estimated in the SoA that £30,931 would be realised in respect of book debts with a total book value of £56,748, after applying a specific provision of £9,770, general provision of 20% and debt collection fee of 10% agreed with MGL.

Total debtors of £50,984 have been collected by MGL, of which £6,282 was realised during this reporting period following a reconciliation of the position carried out by MGL. MGL has received collection fees totalling £5,098 accordingly.

Cash at bank

It was estimated in the SoA that £4,000 would be realised in respect of cash at bank and a balance of £4,975 was realised in Administration.

Bank interest

Gross interest of £46 has been received, of which £9 was applied to the Administration account in this reporting period.

LIABILITIES

Secured creditor

The Company granted the following charges which are registered at Companies House:

	Type	Creation date	Registration date
HSBC	Fixed and floating charge	13.08.2008	20.08.2008
Canon	Fixed and floating charge	13.08.2008	30.08.2008

As mentioned, the Company also provided a cross guarantee to HSBC in relation to LFS. There was an inter-creditor deed providing HSBC priority over Canon.

The SoA estimated that HSBC was owed £103,552 net of bank balances as at the date of Administration. It has since been confirmed that HSBC was owed £103,012 and it has been repaid in full directly following the pre-packaged sale to MGL. Part of the HSBC liability was a legal liability of LFS which was cross-charged against, and guaranteed by, the Company. LFS has no funds to settle its liabilities and HSBC has confirmed that no further funds are payable.

Canon was estimated to be owed £248,685, however MGL agreed to repay £175,000 of this debt in the future. A Proof of Debt of £214,499 was received in the Administration. A dividend under its fixed charge of £15,180 and a dividend under its floating charge of £29,570 was paid in this reporting period.

Preferential creditors

It was estimated in the directors' SoA that a former employee would have a preferential claim of £1,704 however the RPS has confirmed that the employee does not have a preferential claim.

Under the terms of the sale agreement, all employees of the Company were transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 and will therefore not have any preferential claims.

Unsecured creditors

It was estimated in the SoA that the Company had trade and expense creditors totalling £392,229. Claims totalling £59,834 were received.

It was estimated in the SoA that a former employee was owed £22,695 in respect of notice pay and redundancy pay. An unsecured claim of £17,360 was received from the RPS.

It was estimated in the SoA that the directors had claims totalling £5,127 however no claims were received.

It was estimated in the SoA that HM Revenue & Customs was owed £221,275 comprising VAT of £102,651 and PAYE of £118,624. A total claim of £231,608 was received in respect of VAT (£102,651) and PAYE (£128,957).

DIVIDENDS

The following distribution was made to the unsecured creditors under the prescribed part (which is described below):

Date	Amount of Distribution	Rate of Distribution
21 May 2018	£11,143	3.69 pence in the £

PRESCRIBED PART

The Prescribed Part Fund is created out of the Company's net floating charge property pursuant to Section 176A of the Insolvency Act 1986 ("the Act"), as long as the floating charge was registered later than 15 September 2003.

As previously advised, the Company gave a fixed and floating charge to HSBC and Canon so the prescribed part provisions did apply. The money due to HSBC has been fully repaid from fixed charge realisations however Canon will remain indebted under its floating charge.

On the basis of realisations achieved and taking into account the costs of the Administration, the net property of the Company was £40,713 and the prescribed part of the net property for unsecured creditors was £11,143. This was distributed to creditors on 21 May 2018 as detailed above.

JOINT ADMINISTRATORS' INVESTIGATIONS

I 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, taking into account public interest and the potential recoveries and costs involved. I concluded that there were no matters that justified further investigation.

Within three months of my appointment as Administrator, I was required to submit a confidential report to the Secretary of State to include any matters which came to my attention during the course of my work, which may have indicated that the conduct of any past or present director would make them unfit to be concerned with the management of a company. I confirm that my report has been submitted.

PRE-ADMINISTRATION COSTS

On 11 July 2017, the secured creditor, Canon, approved BM Advisory's pre-Administration costs, in the amount of £20,000 plus VAT and the full amount has been paid.

Pre-Administration costs of Lambert Smith Hampton, £6,875 plus VAT and disbursements of £249, and DMH Stallard Solicitors, £14,091 plus VAT, have also been paid in accordance with Canon's approval. These costs have been allocated against fixed and floating charge realisations.

JOINT ADMINISTRATORS' REMUNERATION

It was agreed by the secured creditor, Canon, on 11 July 2017 that the Joint Administrators be remunerated by reference to time properly spent by them and their staff in attending to matters arising from the Administration of the Company.

During this reporting period, 20 December 2017 to 31 May 2018, a total of 70.9 hours have been spent at a cost of £18,851, resulting in an average hourly charge out rate of £266. For the whole period of the Administration, I have spent 276.7 hours at a cost of £75,839, resulting in an average hourly rate of £274. This is compared to an anticipated 91.7 hours at an average hourly rate of £279, which I estimated at the outset of my appointment. A summary of my time costs for this reporting period and the work undertaken is attached at **Appendix III**, together with a comparison to the original fee estimate approved by creditors, my time costs for the whole period of the Administration and BM Advisory's policy on fees.

As a result of additional time required in monitoring the collection of debtors, dealing with the employee claim and liaising with HSBC regarding an additional LFS credit card liability, time costs have exceeded the original estimate, however, I decided not seek further fee approval and only drew remuneration up to my original estimate.

Detailed below are the expenses I expected to incur during the Administration and what I have incurred in this reporting period, together with details of what has been paid in this period and what remains unpaid.

		Estimated total cost	Incurred in period	Incurred to date	Paid during period	Remains unpaid
		£	£	£	£	£
Statutory advertising	Category 1	142	69	138	69	-
Printing	Category 2	33	11	29	11	-
Postage	Category 1	120	42	113	42	-
Storage	Category 1	59	59	59	59	-
Bond	Category 1	162	-	312	-	-
Insurance	Category 1	280	-	185	-	-
Mail redirection	Category 1	275	-	275	275	-
TOTAL		1,071	181	1,111	456	-

As previously reported, the expense incurred in relation to the bond has exceeded the original estimate as the bond level was originally estimated at £100,000 on a net basis, however a bond level to cover gross assets up

to £250,000 was required. It was estimated at my last report that the bond expense would total £312 plus VAT, which is £150 plus VAT above the original estimate.

All other expenses incurred have not exceeded estimates previously given to creditors and I do not anticipate that they will exceed those original estimates.

A guide to fees can be found at www.bm-advisory.com/resources/ and provides information relating to Administrators' remuneration. A hard copy is available on request.

Please note that any secured creditor, or unsecured creditor with concurrence of at least 5% in value of the total unsecured creditors, may request further information in respect of the Administrators' remuneration and expenses. This must be sent in writing to the Administrators within 21 days of receipt of this progress report.

Furthermore, any secured creditor, or unsecured creditor with at least 10% in value of the total unsecured creditors, is entitled to challenge the remuneration and expenses. Any challenge must be brought within eight weeks of receipt of this progress report.

ENDING THE ADMINISTRATION

As there are no further assets to realise, funds have been distributed to secured and unsecured creditors and all administrative matters have been dealt with, the Administration is now complete and my files will be closed. As agreed by creditors in the Joint Administrators' Proposals, a notice was sent to the Registrar of Companies on 31 May 2018 to move the Administration to dissolution. The Company will be deemed to be dissolved three months from the registration of the notice, a copy of which is attached at **Appendix IV**.

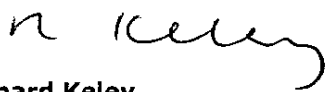
The Joint Administrators will be discharged from liability in respect of any act of theirs immediately after they cease to be Administrators of the Company.

FURTHER INFORMATION

Information about our complaints procedure, Professional Indemnity insurance and the Provision of Services Regulations, can be found at www.bm-advisory.com/about/legals-compliance/. Should you require any further information, please do not hesitate to contact Suzi Andrews on 01293 453648 or email suzi.andrews@bm-advisory.com.

Yours faithfully

**For and on behalf of
Margolis Business Systems Limited**



Richard Keley
Joint Administrator

Margolis Business Systems Limited – In Administration

Statement of Joint Administrators' proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and The Insolvency Rules 1986 ("the Rules"), and the Joint Administrators ("Administrators") of Margolis Business Systems Limited ("the Company"), made the following proposals for achieving the purpose of the Administration.

These proposals and the attached report to creditors together set out the information required by and to discharge the Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules.

Proposals

Pursuant to Paragraph 49 of Schedule B1 of the Act, in order to achieve the objective of the Administration as set out in section 3 above, it is proposed that:

- (a) The Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that:
 - (i) they realise debtors, review the possibility of any tax refund and/or rate rebate due to the Company, deal with matters required under their statutory obligations and finalise all administrative matters.
 - (ii) they dispose of the Company's ownership of such assets at such time(s) on such terms as they consider expedient;
 - (iii) they 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;
 - (iv) in addition, they do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient 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 will continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrators.

Based on current information, it is anticipated that the Administration will end by:

- (i) filing notice of dissolution with the Registrar of Companies. The Company will then be automatically dissolved three months after the notice is registered; or
 - (ii) the Administration will end by placing the Company into Creditors' Voluntary Liquidation if a dividend is available for distribution to creditors (other than under the prescribed part); or
 - (iii) the Administration could end by the presentation of a winding up petition to the Court for the compulsory Liquidation of the Company (if appropriate); or
 - (iv) if the above route is not possible, the Administration could end by making an application to Court for an order that the Administration ceases (if appropriate).
- (c) In the event that the Administration cannot be completed within twelve months and the Administrators are of the view that it is in the creditors' interests, they may propose to seek an extension of their appointment from the creditors and/or the Court pursuant to paragraph 76 of Schedule B1 to the Act.
 - (d) In the event that the Administrators are of the view that it is appropriate for the Company to move from Administration to Liquidation, whether compulsory or voluntary, the Administrators be authorised to take steps to place the Company into whichever Liquidation process they, at their discretion, deem appropriate. In either circumstance, it is proposed that the Administrators would take the appointment as Joint Liquidators of the Company and that they will act jointly and severally in their duties. In relation to moving into Creditors' Voluntary Liquidation, and in accordance with paragraph 83(7), creditors may nominate a different person as the proposed Liquidator(s), provided

that the nomination is made after the receipt of these proposals but before these proposals are approved.

- (e) The Administrators be at liberty to incur and pay such costs and expenses, including professional fees, as are considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Administrators' statutory duties.
- (f) The Administrators propose to be remunerated by reference to time properly spent both for their services as Administrators and also for their staff in attending to matters as set out in their fee estimate. The Administrators' remuneration will be agreed by the relevant secured creditor.
- (g) The Administrators be at liberty to recharge category 2 disbursements as detailed in the circulated Creditors guide to Administrators' fees. These disbursements will be agreed by the relevant secured creditor.
- (h) The Administrators be at liberty to pay costs and remuneration in relation to proposals (e), (f) and (g) above, once approved, when funds become available.
- (i) The Administrators will consult with the creditors' committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation of these proposals and where they consider it expedient, obtain the sanction of that committee on behalf of the creditors of the Company (and without further reference to the general body of creditors) to any proposed action on the part of the Administrators.
- (j) The Administrators be discharged from liability in respect of any act of theirs immediately after they cease to be Administrators of the Company.

Margolis Business Systems Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 20/12/2017 To 31/05/2018 £	From 20/06/2017 To 31/05/2018 £
	SECURED ASSETS		
165,000.00	Goodwill	NIL	165,000.00
1.00	Customer Contracts	NIL	1.00
1.00	Business Intellectual Property Rights	NIL	1.00
		NIL	165,002.00
	COSTS OF REALISATION		
	Joint Administrators' fees	NIL	15,018.72
	Joint Administrators' disbursements	NIL	401.28
	Administrators' Pre-appointment costs	(64.32)	20,000.00
	Pre-appointment legal costs	NIL	11,075.53
	Pre-appointment agents' fees	NIL	5,599.27
		64.32	(52,094.80)
	SECURED CREDITORS		
(103,552.00)	HSBC Bank Plc	NIL	103,012.02
(248,685.00)	Canon (UK) Limited	15,179.58	15,179.58
		(15,179.58)	(118,191.60)
	ASSET REALISATIONS		
4,000.00	Cash at bank	NIL	4,974.58
5,300.00	Office Furniture and Equipment	NIL	5,300.00
4,698.00	Stock	NIL	4,698.00
30,931.00	Book Debts	6,282.24	50,984.34
	Bank interest (gross)	8.90	45.78
		6,291.14	66,002.70
	COST OF REALISATIONS		
	Joint Administrators' fees	8,831.72	9,644.00
	Joint Administrators' disbursements	327.56	327.56
	Pre-appointment agents' costs	NIL	1,524.48
	Pre-appointment legal costs	NIL	3,015.47
	Debtors Collection Fee	1,052.04	5,098.43
	Storage costs	59.06	59.06
	Statutory advertising	68.70	137.40
	Insurance	NIL	185.09
	Irrecoverable VAT	13.74	13.74
		(10,352.82)	(20,005.23)
	PREFERENTIAL CREDITORS		
(1,704.33)	Former employees	NIL	NIL
		NIL	NIL
	FLOATING CHARGE CREDITORS		
	Canon (UK) Limited	29,570.46	29,570.46
		(29,570.46)	(29,570.46)
	UNSECURED CREDITORS		
(392,228.76)	Trade & expense creditors	1,967.11	1,967.11
(22,694.38)	Former employee	639.77	639.77
(5,127.38)	Directors	NIL	NIL
(221,275.00)	HMRC	8,535.73	8,535.73
		(11,142.61)	(11,142.61)
	DISTRIBUTIONS		
(800.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(786,135.85)		(59,890.01)	(0.00)
	REPRESENTED BY		

Margolis Business Systems Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

**Statement
of Affairs**
£

**From 20/12/2017
To 31/05/2018**
£

**From 20/06/2017
To 31/05/2018**
£

REPRESENTED BY CONTINUED

NIL

**MARGOLIS BUSINESS SYSTEMS LIMITED - IN
ADMINISTRATION**

Summary of work undertaken during the period 20 December 2017 to 31 May 2018

BM Advisory.

Task	ORIGINAL ESTIMATE			REPORTING PERIOD			WHOLE OF THE ADMINISTRATION		
	Estimated hours hrs	Estimated cost £	Average charge out rate £	Actual hours in period hrs	Actual costs in period £	Average charge out rate £	Actual hours in period hrs	Actual costs in period £	
Administration and planning	7.30	1,507.50	206.51	10.90	2,339.50	214.63	36.60	8,349.00	
Statutory compliance	52.70	15,019.00	284.99	25.10	6,854.00	273.07	112.00	30,777.50	
Investigations	5.60	1,534.00	273.93	5.20	1,500.00	288.46	23.50	6,035.50	
Asset realisations	9.60	2,692.00	280.42	7.00	2,112.00	301.71	39.60	12,195.50	
Creditors	16.50	4,834.00	292.97	22.70	6,045.00	266.30	65.00	18,481.50	
TOTAL	91.70	25,586.50	279.02	70.90	18,850.50	265.87	276.70	75,839.00	
								274.08	

A summary of the work undertaken in this reporting period is detailed below and was required to be undertaken to deal with the specific circumstances of the case, as well as meet our statutory duties obligations:

ADMINISTRATION AND PLANNING

Strategy & planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff.

Opening, maintaining and managing the office holder's estate bank account.

Creating, maintaining and managing the office holder's cashbook.

Undertaking regular bank reconciliations of the account containing estate funds.

STATUTORY COMPLIANCE

Setting up physical/electronic case files.

Setting up the case on case management software and entering data.

Dealing with all correspondence and emails relating to the case.

Issuing the statutory notifications to creditors and others as required on appointment, including gazetting the office holder's appointment.

Conduct statutory searches to identify company pension schemes.

Deal with statutory obligations in relation to identified company pension schemes

Obtaining a specific penalty bond.

Overseeing and controlling the work done.

Preparing, reviewing and issuing the Administrators' proposals and periodic progress reports to creditors and members.

Filing returns at Companies House.

Preparing and filing VAT returns.

Preparing and filing Corporation Tax returns.

Seeking closure clearance from HMRC and other relevant parties.

Preparing, reviewing and issuing final accounts/reports to creditors and members.

Filing final accounts/report at Companies House and Court.

INVESTIGATIONS

Conducting investigations with a view to identifying any potential asset recoveries by reviewing bank statements, accounts and other relevant documentation available.

ASSET REALISATION

- Arranging suitable insurance over assets.
- Corresponding with directors regarding debtor position and liaising with MGL regarding the collection of outstanding book debts.
- Liaising with the bank regarding the closure of the account.
- Obtaining details from mortgagees about debts secured over the company's leasehold property.
- Liaising with the secured creditors over the realisation of the assets subject to a mortgage or other charge.
- Liaising with third parties with regards to assets that are subject to a retention of title clause, hire or finance agreement.

CREDITORS

- Liaising with secured creditor regarding charge and estimated outcome.
- Review validity of charge and make a distribution to secured creditor.
- Review and calculate net property and prescribed part provision.
- Dealing with all creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Issuing a notice of intended dividend and placing an appropriate gazette notice to pay a dividend to unsecured creditors.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

Notes:

- 'Administration and planning' represents the work involved in the routine administrative functions of the case. It does not give direct financial benefit to the creditors, but has to be undertaken to meet our statutory requirements and obligations under the insolvency legislation and the Statements of Insolvency Practice.
- 'Statutory compliance and reporting' represents the work involved in the statutory functions of the case, together with the necessary control and supervision by senior staff. It does not give direct financial benefit to the creditors, but has to be undertaken to meet our statutory obligations.
- 'Investigations' represents the work required to comply with our statutory obligations and has no direct financial benefit to creditors unless there are potential recovery actions identified. Details of the investigations undertaken and outcomes are set out in the report.
- 'Asset realisation' represents the work required to be undertaken to realise the known assets in the case for the benefit of the creditors, details of which are set out in the report.
- 'Creditors' represents the work required to deal with the various creditors of the Company and maintain records of each claim. All queries and correspondence are dealt with as part of our statutory obligations. In order to pay a dividend under the prescribed part, all creditor claims were adjudicated upon before the distribution was paid.

BM ADVISORY

STATEMENT OF POLICY ON FEES IN INSOLVENCY PROCEEDINGS

Introduction

This statement has been prepared in accordance with guidelines set out in Statement of Insolvency Practice 9 issued by the Association of Business Recovery Professionals (R3).

The following information applies to all appointments of partners, directors, consultants or staff of BM Advisory, to act as any of the following:-

Liquidator, Receiver, Administrator or Administrative Receiver of a Limited Company or Limited Liability Partnership
Trustee in Bankruptcy
Supervisor of an Individual, Company or Partnership Voluntary Arrangement
Administrator under the Insolvent Estates Order

When acting as Nominee, the provisions of the Insolvency Act 1986 ("the Act") require that the amount of the fees payable to the Office Holder be specified within the Debtor's proposals. Such fees will nevertheless be fixed to take account of the Office Holder's expected time costs arising as referred to below.

Policy on fees

In accordance with the Act, the Office Holder may seek approval of their remuneration either on a fixed fee basis, on a percentage basis or on a time costs basis. When an Office Holder's fees are charged by reference to time costs, they will be charged at the firm's usual rates applicable at the time the work is carried out. Rates may be varied from time to time, at the sole discretion of BM Advisory, and such changes will be notified in retrospect with each report to Creditors. It is the policy of BM Advisory to use as junior grade of staff as compatible with the efficient conduct of the matter in order to ensure costs are kept to a minimum. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

As at 1st March 2014 the rates applicable are:

Grade	£
Partner 1	430
Partner 2	380
Associate Director	360
Senior Manager	340
Manager	310
Assistant Manager	285
Senior Administrator	240
Administrator 1	185
Administrator 2	155
Junior Administrator	125
Cashier	115
Support staff	85

Rates vary between individuals, reflecting experience and qualification. For certain more complex tasks, BM Advisory may seek to apply a higher rate in respect of work undertaken, but subject to prior authorisation in accordance with the Act.

Further information on the manner in which an Office Holder's fees may be fixed, can be found in the guidance notes on our website: www.bm-advisory.com/resources/.

Disbursements

Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the case or BM Advisory; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the case. These disbursements are recoverable in full from the case without the prior approval of creditors either by a direct payment from the case or, where BM Advisory has made payment on behalf of the case, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage and specific bond insurance.

Category 2 expenses are incurred by BM Advisory and recharged to the case; they are not attributed to the case by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the case, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying, internal room hire and internal storage.

It is proposed that the following Category 2 disbursements are recovered:

Meeting room hire	Up to £200
Postage	£0.51 - £2.25
Mileage (per mile)	£0.45
Photocopies (per sheet)	£0.15
Storage (per box per month)	£0.35

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.