



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

1 Company details

Company number	0	9	8	0	8	9	6	0
Company name in full	Coventry City Of Culture Trust							

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

2 Administrator's name

Full forename(s)	Mike
Surname	Kienlen

3 Administrator's address

Building name/number	Third Floor
Street	10 South Parade
Post town	Leeds
County/Region	West Yorkshire
Postcode	L S 1 5 Q S
Country	

4 Administrator's name

Full forename(s)	Daryl
Surname	Warwick

➊ Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number	Third Floor
Street	10 South Parade
Post town	Leeds
County/Region	West Yorkshire
Postcode	L S 1 5 Q S
Country	

➋ Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 1	^m 0	^m 9	^y 2	^y 0	^y 2	^y 3
To date	^d 2	^d 7	^m 0	^m 8	^y 2	^y 0	^y 2	^y 3

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X

(Signature)

X

Signature date

^d 2	^d 1	^m 0	^m 9	^y 2	^y 0	^y 2	^y 3
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AM10

Notice of administrator's progress report



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	Ann Probert
Company name	Armstrong Watson LLP
Address	Third Floor 10 South Parade
Post town	Leeds
County/Region	West Yorkshire
Postcode	L S 1 5 Q S
Country	
DX	
Telephone	0113 221 1300



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

**COVENTRY CITY OF CULTURE TRUST
IN ADMINISTRATION ("THE COMPANY")
JOINT ADMINISTRATORS' PROGRESS REPORT TO CREDITORS
FOR THE PERIOD ENDING 27 AUGUST 2023**

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**COVENTRY CITY OF CULTURE TRUST
IN ADMINISTRATION (“THE COMPANY”)
JOINT ADMINISTRATORS' PROGRESS REPORT TO CREDITORS
FOR THE PERIOD ENDING 27 AUGUST 2023**

1 Statutory and general information

Company number:	09808960
Joint Administrators:	Mike Kienlen and Daryl Warwick of Armstrong Watson LLP, Third Floor, 10 South Parade, Leeds, West Yorkshire, LS1 5QS.
Date of appointment:	28 February 2023
Court reference:	In the High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies, 1087 of 2023

Creditors wishing to contact the Joint Administrators, should contact Luke Dawson on telephone number 0113 221 1300 in the first instance.

2 Joint Administrators' actions since appointment

- 2.1 This report should be read in conjunction with my receipts and payments account which is attached at Appendix 1; please note that the figures are shown net of VAT. Whilst some of the information in this report will be a replication of the matters detailed in the Joint Administrators' proposals (“the Proposals”), it is a legal requirement that I include these matters in this report. Creditors are advised to refer to the Proposals for information on the purpose of the Administration and background to my appointment.
- 2.2 My receipts and payments account confirms that realisations are not significantly different to those detailed in the Proposals. Greater detail is provided below.
- 2.3 The bank account is a non-interest bearing account. The Joint Administrators considered that, due to the costs of dealing with the necessary tax returns that would arise if interest is received, it is not cost effective to hold the funds in an interest bearing account.

Marketing of the business and assets

- 2.4 As detailed in the Proposals, BPI Asset Advisory (“BPI”) were instructed to market the business and the assets of the Company for sale. As no viable offers were received a sale of the business was not possible and BPI advised the Joint Administrators to realise the Company's assets via an online auction.

Audio/Visual, Kitchen, Office and IT Equipment

- 2.5 The majority of the Company's physical assets were various pieces of audio and visual equipment including projectors and digital video systems located at the Reel Store. The Company also owned various items of Kitchen, Office and IT equipment, some of which was located at the Company's leased office in the Herbert Gallery.
- 2.6 The audio and visual equipment was very specialist and whilst expensive to purchase new, BPI advised that realisations may be restricted due to the nature of this equipment and the quantity held.
- 2.7 The valuation from BPI estimated that asset realisations would total £175,000. The online auction concluded on 20 April 2023 with realisations totalling £188,159. In addition, certain assets were sold by private treaty for £2,500, resulting in total asset realisations of £190,659. No further asset realisations are expected.

Non factored book debts

- 2.8 At the date of appointment, the Company had book debts totalling £142,426. This predominately related

to one debt due from Warwick Council totalling £125,000. The balance was split across 10 debtors with some of the sums due dating back to early 2022.

- 2.9 I instructed One North Group Ltd ("One North") to assist with the book debt collection, for an agreed fee of £5,000 plus VAT.
- 2.10 To date, realisations in relation to book debts totals £126,022 with the sum due from Warwick Council being collected in full.
- 2.11 Included in the outstanding debtors is one debtor owing £7,365 which is unlikely to be collectable due to being in a formal insolvency process.
- 2.12 One North have contacted all of the remaining debtors, and have also issued letters before action in relation to those who have not disputed the debt. Future book debt realisations are uncertain and updates will be provided in future progress reports.

Book Debt - The Reel Store Tickets Sales

- 2.13 As per the Proposals, the Company sold tickets for the Frida Kahlo exhibition at the Reel Store using a third party provider, the Ticket Factory.
- 2.14 Shortly after appointment, the Ticket Factory contacted the Joint Administrators regarding the sales made in the period prior to the commencement of the Administration. The Ticket Factory advised that they were holding a balance of £27,341 and provided a statement of account to support this.
- 2.15 I confirm that the Ticket Factory have transferred the funds held in full and no further realisations are expected.

Cash at Bank

- 2.16 At the date of my appointment cash at bank was £197,494. This has been paid over to the Joint Administrators' bank account by the Company's bankers. No further realisations are expected.

Cash held in Reel Store Tills

- 2.17 The tills located at the Reel Store held cash of £218. This was secured by my staff on appointment and subsequently paid into the Administration bank account. No further realisations will be made.

Leasehold property – the Reel Store

- 2.18 As detailed in the Proposals, the Company operated the Reel Store from leasehold premises located at Telegraph Hotel, Upper Well Street, Coventry, CV1 1GU ("the Property").
- 2.19 It was concluded that the lease for the Property had no realisable value following a valuation carried out by Avison Young (UK) Limited ("AY").
- 2.20 The Joint Administrators were in beneficial occupation of the Property from the date of appointment to 16 May 2023, being the date at which the Landlord accepted the keys back. The landlord has acknowledged that the Company is no longer in beneficial occupation, however is not willing to accept a formal surrender of the lease.
- 2.21 Sums payable as rent under a lease of a premises occupied and used wholly or partly by a company in Administration for the purposes of the Administration are to be payable as an expense of the Administration. To date the costs incurred in respect of rent and utilities have been paid. There will be a further expense relating to the rates for the period of occupation however this has not yet been received.

Leasehold property – office premises at the Herbert Art Gallery

- 2.22 The Company also leased office space within the Herbert Art Gallery ("the Offices"). As with the Property, AY reviewed the lease for the Offices and concluded that it held no premium value.
- 2.23 The keys and fobs to the Offices were handed back to the landlord, who in turn accepted the Joint Administrators' offer to surrender the Lease.
- 2.24 The Company was never in beneficial occupation of the premises and therefore no costs were incurred.

Creditors Committee

- 2.25 The Joint Administrators wrote to all known creditors on 21 April 2023 seeking a decision from creditors in relation to the approval of their remuneration, together with approval for the costs incurred prior to

the commencement of the Administration.

- 2.26 Creditors were asked by way of notice to give consideration to five decisions, one of which was whether a creditors committee would be established.
- 2.27 Three nominations were received from creditors ahead of the decision date on 10 May 2023, and a creditors committee ("the Committee") was duly constituted on 12 June 2023, being the date Companies House registered the relevant notice.
- 2.28 The function of the Committee is to assist the Joint Administrators in discharging their functions, and act in relation to them in such manner as may be agreed from time to time. The Committee may also require the Joint Administrators to attend before it at any reasonable time and furnish it with information relating to the exercise of their functions.
- 2.29 The purpose of the Committee is to represent the interests of the creditors as a whole not just the interests of its individual members. In addition to this, it may also serve to assist the Joint Administrators generally and act as a sounding board to obtain views on matters pertaining to the Administration.
- 2.30 The matters discussed in the Committee meetings are confidential and all relevant members have signed a non-disclosure agreement. The first Committee meeting was held via Microsoft Teams on 12 June 2023. A second meeting is scheduled for late September 2023.
- 2.31 I can confirm that the pre-appointment costs and my remuneration as Joint Administrator were approved by the Committee on 12 June 2023, further details is provided at paragraphs 6 and 7.

Press Queries

- 2.32 As expected, given the profile of the Company, the Joint Administrators have dealt with a large number of press enquiries.
- 2.33 Armstrong Watson LLP's internal media representatives have assisted in dealing with the press enquires received and will continue to do so throughout the course of the Administration.

Other matters

- 2.34 In addition to my responsibility to deal with the matters detailed in this report, I am required to comply with various legislative and best practice obligations and deadlines. These obligations include filing of documents with the Registrar of Companies, ensuring that all receipts and payments are promptly dealt with and proper accounting records are maintained. In addition, I am required to undertake periodic case reviews to monitor progress, advise creditors of the administration and record all claims received. Furthermore, I am obliged to deal with any other day to day matters that may arise during the administration.
- 2.35 Periodical reviews confirm that no ethical issues have come to light during the period reported on.

3 Unrealised assets

- 3.1 As detailed above, with the exception of book debts all assets are realised. The collection of the book debts is ongoing and realisations uncertain. Updates will be provided in future reports.

4 Investigation into the affairs of the Company

- 4.1 One of the responsibilities the Joint Administrators have is to review the Company's books and records together with any information provided by creditors to establish if there are any areas which may warrant further investigations. The purpose of these investigations is to establish whether there is the possibility of making further recoveries for the benefit of creditors.
- 4.2 Following my initial review of the Company's accounts, management accounts, bank account statements and available books and records, a number of matters that require further investigation were identified and I can confirm that my investigations are ongoing. At this time I cannot fully disclose details of these matters so as not to prejudice any potential future actions. I am liaising with Committee as required in respect of the ongoing investigations.
- 4.3 I am continuing to liaise with the Company's IT provider to ensure that the electronic books and records are preserved and my review of these is ongoing.

- 4.4 I have also been in regular communication with both the National Audit Office and the Charity Commission in relation to information required by them to assist them with their own independent investigations into the Company's affairs. I will continue to report to the Charity Commission as and when required.
- 4.5 A further responsibility of the Joint Administrators is to report to the Secretary of State on any matters that come to their attention that could lead them to conclude that any past or present director may be unfit to be involved with managing the affairs of a company in the future. This report is confidential and it is a legal requirement that I do not disclose the contents of this report.

5 Creditors and dividend prospects

Secured creditor

- 5.1 The Company has no secured creditors.

Preferential creditors - Ordinary

- 5.2 I have received claims from employees in respect of wages and holiday pay and the Redundancy Payments Service ("RPS"). I have not yet adjudicated on these claims.

- 5.3 I anticipate that a distribution will be paid to this class of preferential creditors of 100p in £.

Preferential creditors - Secondary

- 5.4 I have not yet received claims from HM Revenue & Customs ("HMRC") in respect of deductions from employees' wages and outstanding VAT. I anticipate that a distribution will be paid to this category of preferential creditors however I cannot comment on the quantum until the final claim is received.

Floating charge creditor and the prescribed part

- 5.5 The Company has not given any floating charges over its assets and therefore the prescribed part provisions do not apply.

Unsecured creditors

- 5.6 Whilst I have received a number of claims from unsecured creditors, I have not incurred the costs of adjudicating on these claims. Based on current information, regrettably, there is little likelihood of any funds being available to pay a distribution to unsecured creditors.

- 5.7 To date claims received from creditors are broadly in line with the amounts detailed on the Company's Statement of Affairs.

6 Pre-appointment costs

- 6.1 The costs and expenses incurred by Armstrong Watson LLP prior to the Administration are detailed in the Proposals.

- 6.2 As outlined above the Committee approved the following fees and expenses. I can advise that all pre-appointment costs have been paid in full.

Description	Total Amount £
Armstrong Watson LLP – pre-appointment fees	13,503
Addleshaw Goddard LLP – legal fees	17,116

7 Joint Administrators' remuneration

- 7.1 As detailed above, I sought a decision from all creditors in respect of the approval of the Joint Administrators' remuneration and at the same time asked creditors to consider the establishment of a creditors committee.

- 7.2 Creditors voted in favour of the established of a creditors committee, and as such the approval of my remuneration is undertaken by the Committee.
- 7.3 The Joint Administrators' remuneration was approved by the Committee on 12 June 2023 and is to be paid on a fixed fee basis in the sum of £275,000 plus expenses and VAT. Creditors will recall that this included £25,000 in respect of the work anticipated to be undertaken by Armstrong Watson LLP's Forensic Team. Further details of the fee basis is in the Proposals.
- 7.4 To date, I have drawn fees amounting to £174,000 plus VAT.
- 7.5 At present, I believe that the estimate of fees which has been provided to creditors will not be exceeded. However, should there be matters which prove to be more protracted than envisaged at the time my remuneration was fixed I reserve the right to seek a fee uplift in the future.
- 7.6 For the benefit of creditors, the Association of Business and Recovery Professionals publish 'A Creditors' Guide to Administrators' Fees'. This document is available at the following website address, <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>. A hard copy of this document can be obtained on request from our office.

8 Joint Administrators' expenses

- 8.1 Details of the expenses that I have paid are shown on the attached receipts and payments account. These expenses are in line with the estimate already provided to creditors in the Proposals, and I have provided further details of any costs that may exceed the original estimates below.
- 8.2 The table below summarises the expenses that have been, or are anticipated to be incurred on this case. Where the cost has been incurred but not yet paid this is clearly shown.

Expense	Reason for Expense	Estimated overall cost £	Paid in the period covered by this report £	Incurred but not paid to date £
Forensic Team Fee – Armstrong Watson LLP	Assisting the Joint Administrators with their investigations	25,000	-	16,831
Agent's fees – BPI	Agent's services – valuations and ongoing advice in respect of the sale of the Company's assets	30,532	30,532	Nil
Agents disbursements – BPI	Disbursements and expenses incurred during realisation of the sale of the Company's assets	5,380	5,380	Nil
Agent's fees – AY	Desktop review of both of the Company's leasehold properties	1,000	1,000	Nil
Legal fees & expenses – Addleshaw Goddard LLP	Post appointment ongoing legal advice	Uncertain	25,000	2,242

Legal fees & expenses – Addleshaw Goddard LLP	Legal advice in relation to the investigations work	Uncertain	27,522	9,015
Agent's fees - One North	Book debt collection fee	5,000	5,000	Nil
IT Costs - Leap IT – paid as a fixed monthly cost	IT services required to assist with the Joint Administrators' ongoing investigations	6,000	3,703	Nil
Professional fees - Clumber Consultancy Ltd	ERA advice and support	Uncertain	2,235	Nil
Professional fees – Dafferns LLP	The production of P45 forms for all redundant employees and the submission of an FPS adjustment to HMRC	150	150	Nil
Statutory advertising – Stationery Office	Statutory advertising of notices in the London Gazette (paid via Joint Administrators' expenses)	300	109	Nil
Specific penalty bond	Statutory Penalty Bond (paid via Joint Administrators expenses)	150	150	Nil
Insurance – Aon (UK) Ltd	Insurance of assets	1,136	1,136	Nil
Security Costs - Jay Security and Events	Fortnightly vacant property inspections of the Reel Store and alarm response services	1,000	Nil	Uncertain
Rent for the period 7 May 2023 to 16 May 2023 – Far Gosford Developments Ltd	Rent for the period of the Company's beneficial occupation of the Reel Store	959	959	Nil
Other Property Expenses - Moorcroft Property Group	Costs incurred securing the Reel Store premises upon the appointment of the Joint Administrators	1,700	1,700	Nil
Other Property Expenses – Alexander Beard	Consultancy/ technical assistance with the deactivation of security fobs for the Reel Store and the set up of 5 new fobs	45	45	Nil

Other Property Expenses - Alarm & Vision Ltd	Security costs – changing of the premises alarm code and surveillance services (charged annually)	350	350	Nil
Utilities – Complex Development Projects	Utility costs incurred by the Company during the period of occupation of the Reel Store	6,028	6,028	Nil
Sundry Expenses - Scissor Lift Hire - Clements Plant and Access Hire	The undertaking of the scissor lift hire already on site at the Reel Store (28 Feb 2023 to 16 May 2023)	550	550	Nil

8.3 Further information on significant expenses is provided below:

Utilities

8.4 As the premises at the Reel Store were occupied whilst sales of the Company's assets were completed, it was necessary to provide an undertaking in respect of ongoing utilities. A total of £6,028 has been paid in respect of the utilities. I can confirm that the undertaking has been withdrawn and no further costs will be incurred.

IT Expenses – Leap IT

8.5 Leap IT were instructed by the Joint Administrators to assist them with ongoing services including securing the Company's electronic books and records, setting up and providing VPN access, providing the Joint Administrators with access to the Company's emails and carrying out the automatic shutting down of the Company's emails and servers.

8.6 The process of downloading the Company's email accounts has taken much longer than expected due to the volume. As this matter is ongoing, and it is necessary to assist with the Joint Administrators' investigations, a monthly payment is being made to Leap IT to ensure that access to the Company's email accounts is retained.

Security Costs – Jay Security and Events

8.7 In order to comply with the insurance requirements in relation to the Reel Store, Jay Security and Events ("Jay Security") were instructed to carry out fortnightly vacant property inspections and to carry out any alarm responses required.

8.8 To date, no payments have been made to Jay Security. I am liaising with Jay Security for conformation of the sums due to them.

Solicitor's fees

8.9 As set out in the Proposals, Addleshaw Goddard LLP ("Addleshaw") agreed to cap their overall post-appointment fees for Administration advice and assistance, excluding investigations work, at £25,000 plus VAT. You will note below that Addleshaw have reached this cap however it is likely that Addleshaw will incur further fees in respect of ongoing support provided outside of their work on the investigations.

8.10 In addition to this, Addleshaw offered to conduct any investigations legal work required at a discount to Addleshaw's standard rates, on an hours spent basis. An initial budget of £25,000 plus VAT was allocated for legal investigations work, however Addleshaw's costs have now exceeded their initial budget due to the volume and nature of the investigations work. As the investigations work is ongoing, it is currently unknown as to what Addleshaw's total costs will equate to in respect of this work.

Professional advisor fees

8.11 I instructed Clumber to assist with the employee claims in respect of arrears of pay, holiday pay, redundancy and notice pay. Clumber also attended the Company's premises at the start of the Administration to advise the employees on how to make their respective claims.

- 8.12 The sum of £2,325 plus VAT has been paid to Clumber in respect of their services. In addition to this, Clumber will be engaged to assist the Joint Administrators with dealing with the dividend distribution to the ordinary preferential creditors. It is currently uncertain as to what their costs will be and a formal quote for this work will be obtained by the Joint Administrators in due course.
- 8.13 The following category 2 expenses have been incurred and paid by means of disbursements:

Type of category 2 expense	Amount incurred since appointment £	Amount paid £
Mileage – Armstrong Watson LLP staff	132	132
Subsistence – Armstrong Watson LLP staff	15	15

Professional advisors

- 8.14 My choice of professionals was based on my knowledge of their experience and ability to perform the type of work required. I have reviewed the fees charged and as they are in line with original estimates, I am satisfied that they are reasonable in the circumstances of this case.
- 8.15 On this assignment I have used the professional advisors below. I have also indicated the basis of the fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Addleshaw - Legal advice – post appointment fees	Fixed fee of £25,000 plus VAT (excluding investigations work)
Addleshaw - Legal advice – investigations work only	Time costs plus disbursements
BPI – Agent’s fees	Fixed fee for valuation plus 15% of total realisations
BPI – Agent’s disbursements	Costs incurred
AY – Lease review	Fixed fee
Clumber Consulting Limited – ERA advice	Fixed fee
One North – Book debt collection fee	Fixed fee
Aon UK Ltd – Insurance	Fixed fee

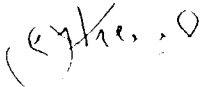
9 Further information

- 9.1 Within 21 days of receipt of a progress report a creditor may request that the Joint Administrators provide further information about the fees and expenses set out in this report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors, or the permission of the court.
- 9.2 Any secured or unsecured creditor, if they consider that the Joint Administrators' fees are excessive, or that the basis of those fees is inappropriate or that the expenses incurred are excessive, may make an application to the court if at least 10% in value of the unsecured creditors agree. An application must be made within 8 weeks of receipt of this report.

10 Conclusion

- 10.1 The majority of the Company's assets have now been realised, and I will continue to liaise with One North in respect of the outstanding book debts.
- 10.2 I will look to adjudicate the claims of Ordinary and Secondary Preferential creditors and when appropriate I will give notice of and declare a dividend. The timing of this is at this stage uncertain due to finalisation of asset realisation and the ongoing investigation matters.
- 10.3 I will continue to report to and liaise with the Committee particularly in relation to the ongoing investigations. I will also liaise with the Committee in relation to any extension to the Administration and fee increase should it be required.
- 10.4 I will continue with my investigations into the Company's affairs and provide updates to the Charity Commission and Secretary of State accordingly.
- 10.5 I will prepare any necessary reports and updates to creditors.
- 10.6 The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrator ceasing to have effect.

Should you have any queries regarding this matter please contact Luke Dawson on 0113 221 1300.



Michael C Kienlen
Joint Administrator

Dated: 21 September 2023

Appendix 1 - Joint Administrators' receipts and payments account

Coventry City Of Culture Trust

(In Administration)

Joint Administrators' Summary of Receipts and Payments (Accruals Basis)

Statement of Affairs £	From 28 February 2023 To 27 August 2023 £	From 28 February 2023 To 27 August 2023 £
ASSET REALISATIONS		
Audio/ Visual, Kitchen, Office and IT Equipment	190,658.99	190,658.99
Book Debts	126,271.56	126,271.56
Book Debt - The Reel Store Ticket Sales	27,340.87	27,340.87
Cash at Bank	197,493.56	197,493.56
Cash held in Reel Store Tills	218.00	218.00
	541,982.98	541,982.98
COSTS OF REALISATION		
Professional Fees	2,384.63	2,384.63
Joint Administrators' Pre Appointment Costs	13,502.70	13,502.70
Joint Administrators' Fixed Fee Remuneration	174,000.00	174,000.00
Joint Administrators' Expenses	405.85	405.85
Agents' Fees and Disbursements	36,912.45	36,912.45
Pre-appointment Legal Fees	17,116.00	17,116.00
Post-appointment Legal Fees	25,000.00	25,000.00
IT Costs	3,703.11	3,703.11
Post-appointment Legal Fees - Investigations work	27,522.00	27,522.00
Property Expense - Moorcroft Property Group	1,699.80	1,699.80
Debt Collection Fees	5,000.00	5,000.00
Utilities	6,028.02	6,028.02
Rents Payable	958.90	958.90
Other Property Expenses	395.00	395.00
Insurance of Assets	1,135.99	1,135.99
Sundry Expenses	550.00	550.00
	(316,314.45)	(316,314.45)
0.00	225,668.53	225,668.53
REPRESENTED BY		
Vat Receivable		10,372.93
Bank 1 Current		215,545.12
Vat Payable		(249.52)
		225,668.53

Appendix 2 - Armstrong Watson LLP fees and expenses information

Introduction

The current legislation allows fees to be charged in an insolvency matter in several ways. Either by charging for time properly spent, a percentage of realisations, a fixed fee, or a combination.

The basis of any fee approval in an insolvency matter is to be agreed by either a creditors committee, the general body of creditors, or where the creditors reject the office holders' fees, by the Court.

Time cost basis

When charging fees on a time cost basis we use staff with the appropriate skill level for the work to be performed.

Charge-out rates

Grade	Charge out rates from 1 April 2023 £ per hour	Charge-out rates from 1 January 2022 to 1 April 2023 £ per hour
Partner – Insolvency Practitioner	584	460-508
Director	481	380-419
Senior Manager	447	352-389
Manager	412	325-359
Senior Administrator	310	244-270
Administrator	240	189-209
Junior Administrator	210	165-183

Time is charged in 6 minute units. The firms charge-out rates are reviewed periodically.

Percentage basis

Where an office holder is expecting to realise specific assets, the fee charged may be a percentage of a specific asset or the assets as a whole.

Once agreed, the percentage basis can only be increased where there has been a material and substantial change in the circumstances in the case. If this is not the case, any request for an increase can only be approved by the Court.

Fixed Fee

An office holder may charge a fixed fee on either the case as a whole or for specific tasks to be undertaken.

Once agreed, the fixed fee can only be increased where there has been a material and substantial change in the circumstances in the case. If this is not the case, any request for an increase can only be approved by the Court.

Agents' Costs

These are charged at cost based upon the charge(s) made by the agent instructed. The term 'agent' includes:

- Solicitors/legal fees
- Auctioneers/valuers
- Accountants
- Quantity surveyors
- Estate agents
- Other specialist advisors

Expenses

Expenses are any payments from the estate which are neither office holder's remuneration nor a distribution to a creditor or member. Expenses also includes disbursements.

Disbursements are payments which are first paid by the office holder and then reimbursed to the office holder from the estate.

Category 1 expenses:

These are payments to those providing the service to which the expense relates who are not an associate of the office holder.

Examples of category 1 expenses include agents costs as detailed above as well as items such as insurance, statutory advertising, external meeting room hire, external storage and specific bond.

Category 2 expenses:

These are payments to associates or payments which have an element of shared costs.

Associates are defined as an entity with which the firm, office holder or staff member has a business or personal relationships with, perceived or actual.

The following category 2 expenses have been incurred and paid as disbursements:

Type of category 2 expense	Amount incurred since appointment £	Amount paid £
Mileage – Armstrong Watson LLP staff	132	132
Subsistence – Armstrong Watson LLP staff	15	15

Subcontractors

Subcontractors are considered to undertake work that can be completed by the office holder or their staff.

Payments to subcontractors do not require specific approval and are treated as an expense of the estate, however I am required to provide the following information to you. I can advise that the following subcontractors have been used and paid in full.

Subcontractor	Work to be undertaken	Cost paid £
Clumber Consultancy Limited	ERA advice and support	2,235
One North Group Limited	Book debt collection	5,000