

Joint liquidators' progress report from 31 October 2019 to 30 October 2020

18 December 2020

Child & Child Limited - in liquidation

Table of contents

Abbreviations and definitions	2
Key messages	4
Overview of what we've done to date	5
Information relating to the administration for the period after the administrators' final report	6
Outcome for creditors	7
Progress since our appointment	8
Realisation of assets	8
Connected party transactions	8
Statutory and compliance	9
Investigations and actions	9
Our receipts and payments account	10
Our expenses	10
Our fees	10
Creditors' rights	10
What we still need to do	10
Next report	10
Appendix A: Receipts and payments	11
Appendix B: Expenses	12
Appendix C: Remuneration report (initial information to creditors including fees estimate).	13
Appendix D: Other information	29
Appendix E: Notice to creditors seeking decisions by correspondence	30

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company	Child & Child Limited
CVL	Creditors' voluntary liquidation
former/joint administrators	Mark Robert Fry and Gary Paul Shankland of Begbies Traynor (London) LLP
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Joint Liquidators/we/us	David Robert Baxendale and Zelf Hussain
Preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice (issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply)
SRA	Solicitors Regulation Authority
the Purchaser	Allium Law Limited (formerly Thomas Simon Limited)
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by David Robert Baxendale and Zelf Hussain as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David Robert Baxendale and Zelf Hussain have been appointed as Joint Liquidators of the Company. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We are writing to update you on the progress of the liquidation of the Company in the 12 months since the Joint Liquidators appointment.

Estimated dividend prospects

The following table summarises the possible outcome for creditors*, based on what we currently know.

Class of creditor	Current estimate (p in £)
Secured creditors	N/A
Preferential creditors	N/A
Unsecured creditors	Up to 3p/£

** Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

What you need to do

We've asked for outstanding claims from Unsecured creditors so that we can agree them for dividend purposes.

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/childandchild or you can get one by emailing andy.lilley@pwc.com.

All creditors wishing to receive the anticipated dividend payment must submit a proof of debt.

You will also note at Appendix C that we are asking creditors to consider the basis by which the Joint Liquidators will be remunerated. It is important that this is considered by all creditors, and those that wish to do so, participate by reading this in full and completing the enclosed notice to creditors seeking decisions by correspondence (included in Appendix E). Should you have any queries on this issue, please again contact my colleague Andy Lilley by emailing him at andy.lilley@pwc.com. Please note that this process is time limited and any enquiries or completed decision form should be returned by 21 January 2021.

Overview of what we've done to date

On 28 June 2019, Mark Robert Fry and Gary Paul Shankland of Begbies Traynor (London) LLP were appointed joint administrators of the Company. Immediately following the joint administrators appointment, a sale of the Company's business and assets was completed to the Purchaser.

In summary, we understand that £206,747 was received from the Purchaser in respect of the consideration due for the sale of the majority of the Company's business and assets (although specifically excluding the assets set out below that were sold to Lambda Limited).

In addition, we understand that consideration of £490,439 was received from Lambda Limited in respect of the sale of the Company's book debts (£457,990), together with a sum of 10% of an overdrawn directors loan account balance (£32,449) in return for a legal and beneficial assignment of the same.

A meeting of creditors was held on 22 August 2019 where creditors voted in favour of certain resolutions, one of which was for the joint administrators to deliver a notice moving the Company into CVL and for the Joint Liquidators to be appointed.

The administration ended on 31 October 2019, when the Company went into CVL and we were appointed as Liquidators.

At the end of the previous administration the key outstanding matters were as follows:

- Liaise with the Solicitor Manager to finalise the statutory work required;
- Completion of the statutory post administration appointment, tax and VAT returns;
- Collection of the Company's percentage share of any amounts collected in respect of the directors loan account outstanding balance (in accordance with the sale and purchase agreement agreed with the Purchaser); and
- Agreement of creditor claims and payment of a dividend.

The key work streams that we have been involved with since our appointment include:

- Completing the handover of documents from the former administrators;
- Issuing the statutory notifications following the Joint Liquidators appointment;
- Making investigations into the failure of the Company and reviewing the options available to realise any further assets;
- Liaising with the Solicitor Manager in respect of the statutory work required;
- Liaising with a firm of accountants appointed by the Purchaser in respect of the provision of Company information held (to complete SRA filings);
- Dealing with employment tribunal claims;
- Dealing with statutory pension matters;
- Responding to creditor enquiries in respect of case updates;
- Completing tax and VAT returns for both the administration and liquidation periods; and
- The review and agreement of creditor claims in preparation for paying a dividend to Unsecured creditors.

We provide further information in respect of these work streams in the next section of the report.

Information relating to the administration for the period after the administrators' final report

As creditors may recall, at the time of our appointment, some of the administration costs were not approved by creditors and so remained unpaid on our appointment. This included both pre and post appointment time costs incurred by the joint administrators, as well as their agents and the costs of the Solicitor Manager, a formal appointment required when a firm registered with the SRA goes into an insolvency procedure.

We were aware that the joint administrators were seeking High Court approval of these costs, which was due to be heard on 13 January 2020, however due to the creditors prior rejection of the costs, we believed it appropriate to undertake a formal decision procedure to understand the creditors view of this issue, in case this should require the Joint Liquidators to participate in the hearing. In the event, those creditors that responded did not raise any substantive issue, and anyway the High Court agreed to approve those costs that had not received creditor approval. The payment of all outstanding costs was then deducted from cash funds retained by the joint administrators.

Following the High Court hearing held on 13 January 2020, an order was granted which agreed all those costs of the joint administrator which had not been previously approved by creditors. All these costs are summarised as follows:

- The pre appointment costs of BTG Advisory LLP totalling £37,060.80
- The pre appointment costs of Begbies Traynor (London) LLP totalling £24,134
- The pre appointment costs of Eddisons Commercial Services Limited totalling £5,000
- The Pre and post appointment costs and disbursements of the Pinsent Masons LLP (including the role of Solicitor Manager) of £137,231.
- The post appointment costs and disbursements of the joint administrators of £107,596 and £993.87.

Following the payment of these costs, the remaining funds held by the joint administrators were then remitted to us.

Outcome for creditors

Secured creditors

The Company does not have any Secured creditors.

Preferential creditors (mainly employees)

We are not aware of any Preferential creditors making a claim in respect of the Company.

Unsecured creditors

Dividends become available for Unsecured creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for Secured creditors may be ring-fenced for the benefit of Unsecured creditors. This Prescribed part is paid out of 'net property', which is floating charge realisations after costs, and after paying – or setting aside enough to pay – Preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

As no floating charge was registered against the Company no Prescribed part dividend is applicable in this case.

We currently believe that a dividend of up to 3p/£ will be paid to the Unsecured creditors, based on what we know currently.

We've calculated this on the estimate of the Unsecured creditors included in the statement of affairs provided to the former administrators. The amount of the dividend will depend on the final level of submitted claims, future realisations and liquidation costs. Creditors should note that the Company's former landlord Victoria Circle LLP has withdrawn its claim which, due to the quantum, would have significantly reduced the amount of funds available for other Unsecured creditors. We have commenced the process of agreeing Unsecured creditor claims and hope to be in a position to issue our formal notice of our intention to declare a dividend in due course. The timing of a dividend will also depend on the process of asset realisation, as we do not intend to make any more than one dividend payment to creditors. The costs of making more than one dividend payment would outweigh the benefit of an early interim dividend.

Progress since our appointment

Realisation of assets

Surplus funds held by the former administrators

During the period we have realised £179k in funds held by the former administrators. This receipt can be seen in our receipts and payments account at Appendix A.

As creditors will be aware, the joint administrators final report disclosed cash in hand of £578k, after other non contentious expenses, this balance had seemingly reduced to £553k.

Following our appointment, the joint administrators remitted part of these funds (£92,591) to us, but retained a balance of £460,448 on account of their outstanding costs, this issue is covered earlier in this report.

Following the High Court order dated 13 January 2020, the joint administrators received approval to pay various pre and post appointment costs, which it settled from the retained balance of funds disclosed above. Accordingly following the first receipt from the joint administrators (of £92,591) a second and final receipt of £86,523.83 was received following the deduction of the High Court approved costs.

VAT refunds

We have spent time in the period completing the VAT return, which included the High Court approved expenses of the joint administrator. This return has resulted in £87k of VAT being recovered. This receipt can also be seen in our receipts and payments account at Appendix A.

A significant delay was encountered before the refund was received, due to Covid related issues experienced by HMRC.

Post sale matters

Recovery of funds due in respect of overdrawn directors loan account

As part of the pre packaged sale of the business and assets of the Company, the former administrators included the sale of the outstanding directors loan account balance. We understand that the loan account stood at £589k as at 30 May 2019. A condition of the sale ensured that the Company would receive 40% (after the deduction of reasonable costs) of any amounts realised. We have continued to chase Lambda Limited for updates relating to any amounts collected but have been informed (albeit indirectly) that no funds have been collected to date. We will continue to chase for updated information over the coming months.

Property

During the period we have submitted a disclaimer in respect of the Company's leasehold interest in the former Company property. No further work is anticipated in this regard.

Other enquiries

We would confirm that other enquiries are ongoing however it is not appropriate at this time to make any detailed disclosure.

Connected party transactions

In accordance with SIP13, we are required to disclose any known connected party transactions that occurred in the period following our appointment or any proposed connected party transactions. We can confirm that no such transactions have occurred and none are expected.

Further information in respect of the sale of the business and assets to the Purchaser was previously circulated to creditors by the former joint administrators.

Corporation tax

During the period, we have spent time preparing the computations for the tax return for the period ended 31 October 2020 and the respective return has recently been filed. We have also spent time completing the pre liquidation tax return for the period of the former administrators appointment as this return was not filed while the joint administrators were in office.

VAT

As Joint Liquidators, we also become responsible for dealing with the Company's VAT affairs and filing obligations for the period following our appointment. We also received a request to include VAT arising on costs relating to third party claims against the Company, which after advice, we agreed to do. Any such VAT recovered is not however for the benefit of the Company.

During the period, we complied with our VAT obligations by submitting the post appointment VAT return and completing the required steps to deregister the Company for VAT.

We have also completed the VAT return relating to the period of the prior administration as referenced earlier in this report. As noted, this work has resulted in a significant realisation for the benefit of the Company.

Other issues

Employment Tribunal Claims

We have spent time in the period reviewing information received in respect of employment tribunal claims brought forward against the Company and providing responses where required.

Statutory pension notifications

We have been corresponding with Prudential in respect of the provision of information in respect of the Company's pension arrangements and providing statutory notifications where required.

Statutory and compliance

Solicitor Manager

We have spent time in the period corresponding with Pinsent Masons LLP who were previously engaged to complete the statutory work in respect of the Solicitor Manager role, a formal requirement by the Solicitors Regulatory Authority ("SRA") where regulated firms become insolvent. The Solicitor Manager is instructed to ensure that the Company is wound down in accordance with the SRA requirements and that all client monies and papers are properly administered. I would confirm that this engagement was renewed by the Joint Liquidators. This Solicitor Manager work is almost complete apart from the filing of a final report with the SRA. We anticipate that this appointment will be completed in the coming weeks.

Other reporting

We have also spent time in the period corresponding with Barrons Chartered Accountants ("Barrons"), who we were advised were instructed by the Purchaser to complete a cease to hold report for submission to the SRA. Throughout this correspondence we have maintained the understanding that the return referred to forms part of the Solicitor Manager role discussed previously. We now understand that Barrons have been disinstructed by the Purchaser and we do not anticipate any further work in this regard.

Investigations and actions

We have reviewed the Company's affairs (including information provided to us by the former administrators) and taken into account any points raised by creditors in discharging our duties under Statement of Insolvency Practice No.2.

A number of concerns in respect of the directors conduct and other third parties have been brought to our attention by the Company's creditors. We have reviewed this information and taken legal advice as appropriate. Our enquiries

remain ongoing and for commercially sensitive reasons we can not disclose any further information at this stage. A further update will be provided in our next report.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 31 October 2019 to 30 October 2020.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

Our fees

We set out in Appendix C an update on our fees, disbursements and other related matters.

We are asking creditors to approve the basis of our fees. Creditors wishing to vote on this must return the voting forms by 21 January 2021. Further details are provided in Appendix C.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en

You can also get a copy free of charge by telephoning Andy Lilley on 0113 289 4153.

What we still need to do

This is a summary of our ongoing workstreams.

- Complete our investigations in respect of any action that needs to be brought to the attention of external regulators and consider any claims that may be brought forward against parties associated with the Company;
- Finalise the adjudication of creditor claims and complete the distribution to Unsecured creditors;
- Continue to respond to Employment Tribunal correspondence received; and
- Finalise outstanding pension related matters.

Other work will include compliance with our statutory duties as Joint Liquidators and other incidental tasks associated with the winding down and ultimate dissolution of the Company.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you've got any questions, please get in touch with Andy Lilley on 0113 289 4153.

Yours faithfully



David Baxendale

Joint liquidator

Appendix A: Receipts and payments

Child & Child Limited - in liquidation Joint liquidators summary of receipts and payments to 30 October 2020

Notes	Total for the period 31 October 2019 to 30 October 2020 (£)
RECEIPTS	
Surplus from Administration	178,844.83
Tax/VAT Refund	86,933.97
Bank Interest Gross	167.44
Total	265,946.24
PAYMENTS	
Legal fees & Expenses	(4,749.05)
Statutory advertising	(77.00)
Insurance	(168.00)
Total	(4,994.05)
1 VAT Control Account	(964.01)
2 Balance of funds held	259,988.18

Notes

- 1) The VAT Control Account balance relates to VAT receivable due to the Company. This amount will net to zero following submission of the final VAT426 return.
 - 2) Funds are held in an interest bearing account.
- All amounts are shown exclusive of VAT.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Joint Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Incurring in the period under review £	Estimated future £	Anticipated total £
Legal fees and expenses of (Fieldfisher LLP)	4,749.05	1,500.00	6,249.05
Legal fees and expenses of (Pinsent Mason LLP)	-	15,000.00	15,000.00
Office holders' time costs	135,153.00	49,101.68	184,254.68
Office holders' disbursements	641.47	100.00	741.47
Statutory advertising	77.00	77.00	154.00
Insurance	168.00	-	168.00
Total	140,788.52	65,778.68	206,567.20

The basis of the Joint Liquidators' remuneration has yet to be agreed with creditors. We provide further information in respect of this in the next section of the report.

Appendix C: Remuneration report (initial information to creditors including fees estimate).

Child & Child Limited - in liquidation

Remuneration Report: Initial Information to creditors
including Fees Estimate

18 December 2020

Table of contents

1. Background	3
1.1 Purpose of this initial advice to creditors	3
1.2 Estimated outcome for creditors	3
1.3 Action required by you	3
1.4 How fees are calculated	4
2. Our fees estimate	5
2.1 Summary	5
2.2 Work we propose to undertake	6
2.3 Our time charging policy and hourly rates	8
2.4 Further approval	10
3. Expenses	11
3.1 What is an expense?	11
3.2 Our expenses estimate	11
4. Professionals and subcontractors	12
5. Notes and assumptions	13
5.1 Fees estimate	13
5.2 Expenses	13
5.3 Associates	13

1. Background

1.1 Purpose of this initial advice to creditors

If a company is facing financial difficulty it may enter a formal insolvency process under the control of an independent external person (an insolvency practitioner). The costs of the proceedings are paid out of the assets of the company and include the insolvency practitioner's remuneration, which in this case would be our fees for acting as Liquidators.

We must seek approval on the basis of our remuneration before it is paid and provide the fee approving body with sufficient information for them to make a decision. Insolvency law determines who the fee approving body is (and it depends on the circumstances of the case), but it's usually those creditors who have a direct interest in the amount paid because it impacts on how much those creditors recover. In this case it is the general body of creditors which is the fee approving body.

We are also required to give all known creditors details of the work we expect to carry out during the case and the expenses that are likely to be incurred. Also, if our fees are proposed to include remuneration calculated on a time costs basis, we must provide an estimate of those fees. This report provides all this information and details of where further information can be obtained.

1.2 Estimated outcome for creditors

The following table gives our current estimates on the likely return for the various classes of creditors. We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment from the Company's assets. The Joint Liquidators, the Firm, its members, partners and staff and advisers accept no liability to any party for any reliance placed upon this report.

Table 1 – Dividend prospects

Class of creditor	Forecast return	Timing
Secured creditor(s)	N/A	N/A
Preferential creditors	N/A	N/A
Unsecured creditors	up to 3 pence in the £	TBC

1.3 Action required by you

We are asking the creditors whether they wish to form a liquidation committee to assist the liquidators if sufficient creditors (a minimum of three) are willing to serve on it. If a liquidation committee is formed, it will be for the committee to approve the basis and amount of the liquidators remuneration and category 2 disbursements. If creditors decide not to form a committee, or there are insufficient creditors willing to serve on it, then it is for the general body of creditors to fix the basis of our fees.

Please read this Remuneration Report carefully before voting on the basis of our fees and disbursements. We are asking creditors to vote on the following resolutions:

- (1) THAT the joint liquidators' fees be fixed as set out in our progress report dated 18 December 2020, on a time cost basis based on the time properly given by the joint liquidators and their staff in attending to the matters arising in the liquidation up to £125,000 (plus VAT); and
- (2) THAT the joint liquidators' be authorised to draw disbursements from time to time for services provided by their own firm (Category 2 disbursements) as set out in our progress report dated 18 December 2020.
- (3) As to whether a Liquidation Committee should be established if sufficient creditors are willing to be members.

We are also inviting creditors to make nominations for membership of the creditors' committee, if one is established.

These rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.

Voting forms are attached to Appendix E. Please complete the forms and then return them to us by email to: andy.lilley@pwc.com or by post to the following address. I would request that the document is returned to us before 21 January 2021.

The Joint Liquidators of Child & Child Limited
% PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Creditors' rights

You can find information on liquidators' fees and your rights at:

www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-a-pril-2017.ashx?la=en

1.4 How fees are calculated

Insolvency law currently allows fees to be calculated in three ways:

- As a percentage of the value of the property which we realise and/or distribute (often referred to as a "percentage basis");
- By reference to the time properly given by us and our staff attending to the matters arising ("time costs basis"); or
- A set amount (a fixed fee).

The basis of our fees can be a combination of the above and different bases can be used for different parts of our work. The fee approving body decides which basis (or combination of bases) should be used to calculate fees, once it is satisfied that the fee basis proposed represents the most appropriate mechanism in the circumstances of the case.

In this case we are proposing that our remuneration is on a time costs basis only, for the following reasons:

- It ensures that creditors are only charged for work that is performed;
- We are required to perform a number of tasks which do not relate to the realisation of assets (for example: reporting to creditors and distributing surplus funds); and
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the liquidation.

In the next section, we include details of our fees estimate.

Insolvency law says that in determining the basis of our remuneration, regard must be had to the following:

- The complexity (or otherwise) of the case;
- Any exceptional responsibility falling on us;
- The effectiveness with which we are carrying out, or to have carried out, our duties; and
- The value and nature of the property with which we have to deal.

2. Our fees estimate

2.1 Summary

This section provides the following information:

- Details of the work we propose to undertake;
- The hourly rates we propose to charge for each part of that work;
- The time we anticipate each part of the work will take; and
- Whether we think it will be necessary to seek approval to exceed the amount of the estimate, and if so, why.

The total amount of our fees estimate is £194,093. The following tables summarise our anticipated time costs and then provide more detail on each area of work. Time costs are shown at the hourly rates set out later.

In the period since our appointment to 30 October 2020, we have incurred time costs of £135,153, representing 69% of the fees estimate.

Table 2 – Time costs

Period 31 October 2019 to 30 October 2020.

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Total hours	Time cost	Average hourly rate
								£	£
Accounting and Treasury	-	-	-	0.70	12.55	2.25	15.50	5,101.00	329.06
Assets	-	-	-	19.65	9.75	-	29.40	11,443.00	389.22
Creditors	1.25	-	2.20	6.05	25.20	14.10	48.80	16,005.00	327.96
Employees and Pensions	-	-	3.25	4.55	11.20	5.00	24.00	9,398.00	391.59
Investigations	-	-	-	9.45	12.30	-	21.75	8,281.00	380.74
Statutory and compliance	-	-	0.25	8.45	35.90	3.40	48.00	15,598.00	324.96
Strategy and planning	4.90	-	2.95	48.70	44.45	-	101.00	41,271.00	408.62
Tax	-	-	0.00	4.50	4.30	1.15	9.95	3,746.00	376.43
VAT	-	0.50	2.90	12.80	27.75	13.90	57.85	24,310.00	420.22
Total for the period	6.15	0.50	11.55	114.85	183.40	39.80	356.25	135,153.00	380.62

Comparison of our total costs to 30 October 2020 with our fees estimate.

Category of work	Hours	Fees estimate (£)	Average hourly rate (£/hour)	Hours incurred to 30 October 2020	Time costs incurred to 30 October 2020 (£)	Average hourly rate for time costs incurred to 30 October 2020 (£/hour)
Accountancy & Treasury	18.50	6,088	329.06	15.50	5,101	329.06
Assets	44.40	17,281	389.22	29.40	11,443	389.22
Creditors	98.80	32,402	327.96	48.80	16,005	327.96
Employees and pensions	29.00	11,356	391.59	24.00	9,398	391.59
Investigations	26.75	10,185	380.74	21.75	8,281	380.74
Statutory and compliance	83.00	26,972	324.96	48.00	15,598	324.96
Strategy & Planning	141.00	57,615	408.62	101.00	41,271	408.62
Tax and VAT	77.80	32,194	413.81	67.80	28,056	413.81
Total hours and fees estimate	519.25	194,093	380.62	356.25	135,153	380.62

Our total remuneration cannot exceed the total amount of this fees estimate without prior consent from the fee approving body.

The above table provides an estimate of the anticipated time likely to be required on the various areas of work and in future reports we will provide an update by reference to actual costs incurred. To facilitate such a comparison, we are likely to report costs on the same basis and using our normal rates. However, in the circumstances of this case, we may not draw these costs in full to enable an improved dividend fund for the Company's creditors.

2.2 Work we propose to undertake

The following table provides details of the work we propose to do (indicated by ☐) , have already done (✓) or which is in progress (□). It provides a brief summary for each category rather than an exhaustive list of all possible tasks. The fees estimate for each category is also shown, together with costs incurred to 30 October 2020.

Table 3 – Work we propose to do

Category of work	General description	Work included
Accounting and treasury Estimate: 18.50 hours £6,088 Incurred to date: 15.50 hours £5,101	Accounting and treasury	<ul style="list-style-type: none"> • Opening bank accounts ✓ • Dealing with receipts, payments and journals □ • Carrying out bank reconciliations and managing investment of funds □ • Corresponding with former administrators regarding specific transfers □ • Dealing with the distribution payments to Unsecured creditors □ • Closing bank accounts □
Assets Estimate: 44.40 hours £17,281 Incurred to date: 29.40 hours £11,443	Insurance	<ul style="list-style-type: none"> • Identifying potential issues requiring attention of insurance specialists ✓ • Initial notices sent to pre appointment insurers ✓ • Setting up insurance cover on appointment ✓ • Reviewing insurance policies ✓ • Corresponding with insurer regarding initial and ongoing insurance requirements ✓ • Establishing whether there is any value within policies ✓
	Property	<ul style="list-style-type: none"> • Liaising with the landlords and our solicitors regarding the property and disclaiming the Company's interest in the lease agreement ✓
	Other assets	<ul style="list-style-type: none"> • Review of Company records and correspondence with third parties to attempt to identify potential asset recoveries ✓ • Review of Company's chattel assets to assess value ✓ • Identifying potential asset recoveries ✓ • Liaising with solicitors regarding recovery actions ✓ • Ensuring all terms of the SPA were adhered to including extensive communications with the joint administrators, the Purchaser and other parties to obtain updates in respect of the collection of the outstanding directors loan account □ • Continued investigations in respect of the failure of the Company and further action (the details of which cannot be disclosed at this time) □
	Third party assets	<ul style="list-style-type: none"> • Reviewing leasing documents ✓

Creditors Estimate: 98.80 hours £32,402 Incurred to date: 48.80 hours £16,005	Creditor enquiries	<ul style="list-style-type: none"> Setting up a dedicated website for delivery of initial and ongoing communications and reports ✓ Receiving and following up creditor enquiries via telephone, email and post □ Reviewing and preparing correspondence to creditors and their representatives □ Receipting and filing creditor proofs of debt forms □ Providing information to creditor insurers in relation to confirmation of debt enquiries □ Providing case updates to creditors following concerns being raised in connection with the Company's pre appointment affairs □
	Unsecured claims	<ul style="list-style-type: none"> Dealing with proofs of debt for dividend purposes □ Preparing correspondence to potential creditors inviting lodgment of proof of debt □ Receiving proofs of debt and maintaining register □ Adjudicating claims, including requesting further information from claimants □ Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend □ Advertising intention to declare dividend □ Calculating dividend rate and preparing dividend file □ Preparing correspondence to creditors announcing declaration of dividend □ Preparing and paying distribution □
Employees and pensions Estimate: 29.00 hours £11,356 Incurred to date: 24.00 hours £9,398	Pensions	<ul style="list-style-type: none"> Issuing statutory notices on appointment ✓ issuing of further statutory notices confirming that the schemes have been rescued ✓ Dealing with general pension scheme issues and the Pension Protection Fund □
	Other employee matters	<ul style="list-style-type: none"> Dealing with employment tribunal correspondence □
Investigations Estimate: 26.75 hours £10,185 Incurred to date: 21.75 hours £8,281	Conducting investigations	<ul style="list-style-type: none"> Collecting the Company's books and records where related to investigatory work ✓ Reviewing books and records ✓ Reviewing specific transactions and liaising with directors regarding certain transactions ✓ Preparing investigation file and lodging findings with the Department for Business, Innovation and Skills ✓ Continue to make investigations into the circumstances surrounding the failure of the Company, including, reviewing potential claims and taking action as appropriate □
	Initial letters and notifications	<ul style="list-style-type: none"> Preparing and issuing all necessary initial letters and notices regarding the liquidation and our appointment ✓
Statutory and compliance Estimate: 83.00 hours £26,972 Incurred to date: 48.00 hours £15,598	Remuneration report	<ul style="list-style-type: none"> Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred □
	Progress reports and extensions	<ul style="list-style-type: none"> Preparing and issuing periodic progress reports to creditors and the Registrar □

	Solicitor Manager	<ul style="list-style-type: none"> Corresponding with lawyers in respect of the statutory work required relating to the Solicitor Manager role. <input type="checkbox"/>
	Books and records	<ul style="list-style-type: none"> Correspondence with the joint administrators in respect of the Company books and records held and preparing an inventory ✓ Dealing with records in storage <input type="checkbox"/> Sending job files to storage <input type="checkbox"/>
	Other statutory and compliance	<ul style="list-style-type: none"> Filing of documents <input type="checkbox"/> Updating checklists and diary management system <input type="checkbox"/>
Strategy and planning Estimate: 141.00 hours £57,615	Strategy and planning	<ul style="list-style-type: none"> Completing tasks relating to job acceptance ✓ Preparing fee budgets & monitoring cost <input type="checkbox"/> Team meetings to review strategy and progress <input type="checkbox"/> Considering timings for key milestones and key strategic decisions <input type="checkbox"/>
Incurring to date: 101.00 hours £41,271	Case reviews	<ul style="list-style-type: none"> Conducting case reviews after the first month, then every six months <input type="checkbox"/>
Tax & VAT Estimate: 77.80 hours £32,194	Tax	<ul style="list-style-type: none"> Gathering information in relation to the Company's tax matters following appointment ✓ Carrying out tax review and subsequent enquiries ✓ Preparing tax computations for the administration period as the post administration returns were not filed by the former administrators. ✓ Preparing and filing tax computations for the liquidation periods <input type="checkbox"/> Liaising with HMRC to obtain tax clearance <input type="checkbox"/>
Incurring to date: 67.80 hours £28,056	VAT	<ul style="list-style-type: none"> Gathering information for the initial VAT review ✓ Carrying out VAT review and subsequent enquiries ✓ Preparing VAT returns for the post liquidation period and for the pre liquidation administration period as the post administration returns were not filed by the former administrators. ✓ Ensuring all potential VAT is recovered in respect of the operation of the rent deposit account <input type="checkbox"/> Liaising with HMRC in relation to the Company's VAT matters including arranging the VAT deregistration in due course <input type="checkbox"/>

Included in the above table are tasks that we must perform that may not directly benefit creditors financially. These typically relate to fulfilling obligations imposed by statute or regulatory bodies.

We believe that that the work done to date, in progress or to be done, has/will provide a financial benefit to creditors as it will ensure that we maximise the potential return to creditors as a whole. This is evident from our work in respect of the Company's VAT affairs we have managed to realise funds into the estate which have improved the funds available for distribution to creditors.

It should be noted that a number of tasks we perform whilst they do not provide a financial benefit to creditors are required as part of our obligation as liquidators, such as the reporting to creditors, investigating the conduct of the directors and distributing surplus funds to creditors.

2.3 Our time charging policy and hourly rates

The time we charge to the liquidation is by reference to the time properly given by our staff and us in attending to matters arising.

It is our policy to delegate tasks to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the liquidators personally.

Set out below are the relevant maximum charge-out rates per hour worked for the grades of staff actually, or likely to be involved on this assignment.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.05 units). There has been/will be no allocation of any general costs or overhead costs. These rates will apply to each part of our work.

Specialist departments with our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

Table 4 – Charge-out rates

Grade	Business Restructuring Services		Specialist teams	
	Up to 30 June 2020 £/hour	From 1 July 2020 £/hour	Up to 30 June 2020 £/hour	From 1 July 2020 £/hour
Partner	690	850	1,385	1,600
Director	595	720	1,275	1,465
Senior Manager	515	585	975	1,355
Manager	405	475	710	815
Senior Associate	310	390	520	605
Associate	210	245	285	325
Support Staff	120	125	230	230

In common with all professional firms, hourly rates increase from time to time over the period of the liquidation (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to the fee approving body when seeking fee approval, and to creditors in our next statutory report.

Roles and grades of staff

The following descriptions of each grade of BRS staff are a general guide only. From time to time there may be persons working on this assignment who, because of their skills and experience, are employed in positions where they may not necessarily meet all of these qualifications.

Title	Description
Partner	A licensed insolvency practitioner with extensive experience of insolvencies. A partner in PwC and senior member of management with ultimate responsibility (along with joint appointees) for the conduct of the insolvency and decisions on a case. If not an office-holder in relation to the appointment (usually only on large and complex appointments), may be qualified to accept appointments in their own right. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
Director	Individuals highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams. Usually a licensed insolvency practitioner and an office-holder in relation to the appointment with similar decision-making responsibilities. If not an office-holder in relation to the appointment (usually only on large and complex appointments), may be qualified to accept appointments in their own right. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
Senior Manager	Experienced in insolvency matters with strong technical knowledge and commercial skills. Capable of supervising teams, often with a project management role on larger cases and/or responsibility for complex aspects of larger matters. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills. Grades of Senior Manager and below have delegated authority to make decisions on behalf of the appointed office-holders in certain aspects of a case.
Manager	Experienced in insolvency matters with well-developed technical and commercial skills. Capable of supervising smaller teams, and can take day-to-day responsibility for smaller to medium matters, or aspects of more complex matters. Alternatively, may have management, business, or industry skills, or a combination of skills.
Senior Associate	Generally has an insolvency qualification or accounting qualification. Assists with planning and control of various aspects of the insolvency, but is primarily responsible for completing fieldwork and/or compliance related matters under the supervision of more senior staff.

Associate	Has appropriate skills to provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. Often a part-qualified accountant or works regularly on insolvency matters.
Offshore professionals	Generally a qualified or trainee accountant, depending on the nature of the work. Assists with planning and control of various aspects of the insolvency, but is primarily responsible for completing office work under the supervision of more senior staff.
Support staff	Has appropriate skills to provide administrative support to the team.

2.4 Further approval

Creditors should be assured that the provision of a fees estimate will not affect the proper conduct of the liquidation. If the necessary work exceeds (or is likely to exceed) that included in the fees estimate, we can seek consent, usually from the fee approving body, for our fees to exceed the fees estimate.

Our fees estimate is based on a number of assumptions, which are explained in Section 5. In broad terms and in our experience, the key issues likely to affect the level of costs are the:

- Availability and quality of the books and records;
- Level of co-operation received, for example: from directors, and key staff;
- Support from external stakeholders, including landlords and suppliers; and
- Any changes to our strategy that might be necessary as a result of the above.

We currently do not think that we will need to seek further approval because we anticipate that the majority of assets have now been realised. Creditors will note that as referred to in our progress report, we are continuing to investigate the circumstances surrounding the failure of the Company and if any recovery actions are still available for the benefit of creditors. Should our work result in additional asset recoveries for the Company, we would like to discuss further fee approval in due course to reflect the additional time costs incurred.

In our periodic progress reports, we will keep creditors updated on how our fees are compared to the fees estimate. If fees are likely to exceed this fees estimate we will need further approval to draw those fees.

3. Expenses

3.1 What is an expense?

Expenses are defined in SIP9 as amounts properly payable by the office holder from the estate which are not office holders' remuneration or a distribution to creditors. Expenses include disbursements, which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2:

Disbursement	SIP9 definition
Category 1	Payments to independent third parties where there is specific expenditure directly referable to the appointment in question.
Category 2	Costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis.

Our firm's disbursements policy allows for all properly incurred expenses to be recharged to the case. We don't need approval from creditors to draw Category 1 disbursements as these have all been provided by third parties, but we do need approval to draw Category 2 disbursements as these are for services provided by our firm. The body of creditors who approve our fees also have responsibility for agreeing the policies for the payment of Category 2 disbursements, which in this case are as follows:

Photocopying	At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.
Mileage	At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc).

In the period, we have incurred category 1 disbursements on Postage, storage and bonding amounting to £641.47. We haven't incurred any category 2 expenses since the date of appointment.

3.2 Our expenses estimate

The following table shows expenses incurred to date and an estimate of further expenses we consider will be (or are likely to be) incurred.

The total expenses estimate for the case is £216,406.

The estimate excludes any potential tax liabilities that may be payable as an expense of the liquidation in due course because amounts due will depend on the position at the end of the tax accounting period.

Table 5 – Expenses estimate

Nature of expenses	Incurred in the period under review £	Estimated future £	Anticipated total £
Liquidators' disbursements	641.47	100.00	741.47
Legal fees and expenses (Fieldfisher LLP)	4,749.05	1,500.00	6,249.05
Legal fees and expenses (Pinsent Mason LLP)	0.00	15,000.00	15,000.00
Statutory advertising	77.00	77.00	154.00
Insurance	168.00	0.00	168.00
Liquidators' remuneration	135,153.00	58,940.48	194,093.48
Total	140,788.52	75,617.48	216,406.00

4. Professionals and subcontractors

Legal and other professional firms

We have instructed the following third parties on this case:

Table 6 – Professionals and subcontractors

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice, including: <ul style="list-style-type: none">• General advice on the liquidation appointment• Advice on the lease disclaimer	Fieldfisher LLP	Insolvency knowledge	Time costs and disbursements
Legal advice in respect of the Special Manager engagement, including: <ul style="list-style-type: none">• Handling of client funds• Statutory SRA reporting	Pinsent Masons LLP	Industry knowledge and previous instruction by the former joint administrators	Time costs and disbursements

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved, dependent on their fee basis, in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of legal and professional costs is appropriate.

Details of subcontracted work

We have not subcontracted any work during the period covered by this report.

5. Notes and assumptions

5.1 Fees estimate

- We have assumed the liquidation will last between one and two years.

5.2 Expenses

- We have assumed that there we will not require any further significant legal or professional help in the liquidation;
- We have not included any estimate of the tax costs which could fall as an expense of the administration as this will depend on the final position at the end of the tax periods; and
- We have assumed that all input VAT will be recoverable.

5.3 Associates

The liquidators have no business or personal relationships with parties responsible for approving remuneration or who provide services to the liquidators in respect of the appointment where the relationship could give rise to a conflict of interest.

Appendix D: Other information

Company's registered name:	Child & Child Limited
Registered number:	05087191
Registered address:	C/o PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Liquidators' appointment:	31 October 2019
Liquidators' names, addresses and contact details:	David Robert Baxendale and Zelf Hussain, both of PricewaterhouseCoopers LLP, 7 More London Riverside, London, Se1 2RT

Appendix E: Notice to creditors seeking decisions by correspondence

Notice to creditors seeking decisions by correspondence

Name of Company Child & Child Limited – in Liquidation	Company Number 05087191
In the High Court of Justice Business and Property Courts of England and Wales Insolvency & Companies List (ChD)	Court case number CR-2019-003098

(a) Insert full names of
administrators

We (a) David Baxendale and Zelf Hussain both of PricewaterhouseCoopers LLP, 7 More London
Riverside, London, SE1 2RT

Joint Liquidators of the company give notice to creditors that we are seeking a decision by
correspondence on the following resolution(s) (b)

(b) Insert resolutions

- (1) THAT the joint liquidators' fees be fixed as set out in our progress report dated 18 December 2020, on a time cost basis based on the time properly given by the joint liquidators and their staff in attending to the matters arising in the liquidation up to £125,000 (plus VAT); and
- (2) THAT the joint liquidators' be authorised to draw disbursements from time to time for services provided by their own firm (Category 2 disbursements) as set out in our progress report dated 18 December 2020.

These rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.

- (3) As to whether a Liquidation Committee should be established if sufficient creditors are willing to be members.

We are also inviting creditors to make nominations for membership of the creditors' committee, if one is established.

We therefore invite you to vote on the above. To submit your vote please indicate below whether you are voting for or against each resolution and whether or not you want a committee to be established and return this notice to us by post at the address below, to be received by us by 23.59 hrs on (c) 21 January 2021 (the decision date).

In order to be entitled to vote we must receive from you by 23.59 hrs on the decision date, a proof in respect of your claim in accordance with the Insolvency (England and Wales) Rules 2016 (IR16), failing which your vote will be disregarded. A proof of debt form which you can use is available at www.pwc.co.uk/childandchild.

If your debt is treated as a small debt in accordance with rule 14.31(1) IR16 (creditors with claims of £1,000 or less), you must still deliver a proof to us by 23.59 hrs on the decision date if you wish to vote.

(c) Insert date

If you have opted out from receiving notices you may nevertheless vote if you provide a proof as set out above.

Creditors who meet one of the thresholds in section 246ZE of the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the matter(s) set out above. The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If you wish to nominate any creditor(s) to be members of a creditors' committee if creditors decide that a committee should be established, you must deliver your nomination to us by the decision date. A nomination can only be accepted if we are satisfied as to the creditor's eligibility under rule 17.4 IR16.

A creditor may appeal a decision in accordance with rule 15.35 IR16 by applying to court not later than 21 days after the decision date.



Signed _____
Joint Liquidator

Dated 18 December 2020

Joint Liquidators' postal address: PwC, 8th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Administrators' contact telephone number: Andy Lilley (07841 468130).

In accordance with rule
15.9 of the Insolvency
(England and Wales)
Rules 2016

Name of Company Child & Child Limited – in Liquidation	Company Number 05087191
In the High Court of Justice Business and Property Courts of England and Wales Insolvency & Companies List (ChD) (full name of court)	Court case number CR-2019 -003098

**To be completed by creditor and returned to the postal
address above if you wish to vote**

I/We

Company number (if creditor is a company) _____

of _____

vote as follows:

	Delete as applicable *
Resolution (1) THAT the joint liquidators' fees be fixed as set out in our progress report dated 18 December 2020, on a time cost basis based on the time properly given by the joint liquidators and their staff in attending to the matters arising in the liquidation up to £125,000 (plus VAT);	* for / against
Resolution (2) THAT the joint liquidators' be authorised to draw disbursements from time to time for services provided by their own firm (Category 2 disbursements) as set out in our progress report dated 18 December 2020. These rates may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.	* for / against
Decision whether a Liquidation Committee should be established I/we want a Liquidation committee to be established if sufficient creditors are willing to be members.* OR I/we do not want a Liquidation committee to be established. * *Delete as applicable	
Committee member: I/we nominate [creditor to insert name of creditor*] _____ to be a member of the committee if one is established. <small>*If you wish to nominate a creditor to be a member of a committee if one is established, please insert here the name of that creditor. A creditor can nominate themselves or another creditor. If the creditor is a company you must insert the company's name</small>	

Insert creditor's name
and address, and
registered number if a
company

Committee member's consent to act and representative:

I/we consent to act as a member of the committee and authorise [insert representative's name here*] _____ to represent me/us on the committee with authority to act generally.

* A creditor which is a company or other body corporate must be represented by an individual. A creditor who is an individual can be represented by another individual but does not need to be. If you don't insert the name of a representative, the nominated creditor can still be represented on any committee, but may need to provide a letter of authority to the representative before they can act. A representative may be authorised to act either generally or specifically. If you wish to authorise your representative to act specifically, please amend the authority above and state in what respect they are authorised to act.

I/we enclose my/our proof of debt (if not previously submitted)

Signature of creditor or person authorised to act on behalf of the creditor:

Name in block capitals:

Position with or relation to the creditor (e.g. director, company secretary, solicitor):

Date: _____