

LIQ03

Notice of progress report in voluntary winding up



Companies House

FRIDAY



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09/02/2018

#26

COMPANIES HOUSE

1 Company details

Company number 0 2 0 2 1 8 4 8
Company name in full CAVENDISH PRINTING INKS LIMITED

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

2 Liquidator's name

Full forename(s) GAVIN GEOFFREY
Surname BATES

3 Liquidator's address

Building name/number 9/10
Street SCIROCCO CLOSE
MOULTON PARK
Post town NORTHAMPTON
County/Region
Postcode N N 3 6 A P
Country

4 Liquidator's name ①

Full forename(s) GARY STEVEN
Surname PETTIT

① Other liquidator
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number 9/10
Street SCIROCCO CLOSE
MOULTON PARK
Post town NORTHAMPTON
County/Region
Postcode N N 3 6 A P
Country

② Other liquidator
Use this section to tell us about
another liquidator.

LIQ03

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|------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 | Period of progress report | | | | | | | | | | | | | | | | |
| From date | d | 1 | d | 1 | m | 0 | m | 1 | y | 2 | y | 0 | y | 1 | y | 7 | |
| To date | d | 1 | d | 0 | m | 0 | m | 1 | y | 2 | y | 0 | y | 1 | y | 8 | / |
| 7 | Progress report | | | | | | | | | | | | | | | | |
| | <input checked="" type="checkbox"/> The progress report is attached | | | | | | | | | | | | | | | | |
| 8 | Sign and date | | | | | | | | | | | | | | | | |
| Liquidator's signature | Signature X <i>L L Bate</i> X | | | | | | | | | | | | | | | | |
| Signature date | d | 0 | d | 8 | m | 0 | m | 2 | y | 2 | y | 0 | y | 1 | y | 8 | |

LIQ03

Notice of progress report in voluntary winding up



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 **NATASHA PINK**

Company name **PBC BUSINESS RECOVERY**

& INSOLVENCY LIMITED

Address **9/10 SCIROCCO CLOSE**

MOULTON PARK

Post town **NORTHAMPTON**

County/Region

Postcode

| | | | | | |
|---|---|---|---|---|---|
| N | N | 3 | 6 | A | P |
|---|---|---|---|---|---|

Country

DX

Telephone **01604 212150**



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

**CAVENDISH PRINTING INKS LIMITED
IN CREDITORS' VOLUNTARY LIQUIDATION**



**LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS FOR THE YEAR
ENDING 10 JANUARY 2018**

1 Introduction

- 1.1 This is my report to members and creditors following the second anniversary of my appointment as liquidator. This report should be read in conjunction with my previous reports sent to creditors.

2 Statutory Information

- 2.1 The table below details key information regarding the company and the liquidation.

| | |
|---|---|
| Company name: | Cavendish Printing Inks Ltd – In Liquidation |
| Trading Name | Cavendish Printing Inks Ltd |
| Registered office: | 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP |
| Former registered office: | 34 Bilton Way, Luton, Bedfordshire LU1 1UU |
| Registered number: | 02021848 |
| Date of winding up resolution | 11 January 2016 |
| Joint Liquidators' names: | Gavin G Bates and Gary S Pettit |
| Joint Liquidators' address: | PBC Business Recovery & Insolvency Ltd ("PBC"), 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP |
| Joint Liquidators' date of appointment: | 11 January 2016 |

3 Liquidators' Actions Since Last Report

- 3.1 Since my last report to creditors, the joint liquidators have undertaken the following actions:
- i. Realised the assets of the company as detailed below.
 - ii. Investigated the affairs of the company as detailed below.
 - iii. Dealt with all routine correspondence and emails relating to the case.
 - iv. *Maintained and managed (including regular bank reconciliations) the office holder's estate bank account and cashbook.*

Northampton Office: 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP Tel: 01604 212150 Fax: 01604 493008
 Coventry Office: Coventry University Technology Park, Puma Way, Coventry, CV1 2TT Tel: 02476 158234 Fax: 02476 158230
 E-mail: info@pbcbusinessrecovery.co.uk www.pbcbusinessrecovery.co.uk
 Gary Pettit and Gavin Bates are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales. When acting as administrators or administrative receivers they manage the affairs, business and property of the company as agents of the company over which they are appointed and contract without personal liability.
 To comply with the Provision of Services Regulations, some general information about PBC, including about our complaints policy, the Insolvency Code of Ethics and our professional indemnity insurance, can be found at <http://www.pbcbusinessrecovery.co.uk/provisions-of-services-regulations/>
 PBC, PBC Business Recovery and Insolvency and PBC Bottomley & Co are the trading names of PBC Business Recovery and Insolvency Ltd (Company Number 03869807) and PBC (Coventry) Limited (Company Number 10057925). Both companies are registered in England and Wales with the registered office at 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP.



- v. Reviewed the adequacy of the specific penalty bond (This is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
- vi. Undertaken periodic reviews of the progress of the case.
- vii. Filed returns at Companies House.
- viii. Prepared and filed VAT returns.
- ix. Prepared and filed Corporation Tax returns.
- x. Corresponded with employees regarding their claims.
- xi. Dealt with creditor correspondence, emails and telephone conversations regarding their claims.
- xii. Maintained up to date creditor information on the case management system.

3.2 The above list includes certain work that I am required by the insolvency legislation to undertake in connection with the liquidation but provides no financial benefit for the creditors.

4 Receipts and Payments

4.1 My receipts & payments account for the period from 11 January 2017 to 10 January 2018 is attached.

4.2 The balance of funds is held in an interest bearing estate bank account.

5 Assets

5.1 The following table details the current asset position.

| Asset Type | Estimated to realise (£) | Realisations to date (£) |
|---|-----------------------------|-----------------------------|
| Book debts | 10,156 | 2,750 |
| Fixtures & Fittings, Plant & Machinery & Motor Vehicles | 2,000 | 1,710 |
| Cavendish Printing Inks Holdings | 0 | |
| Cash at Bank | 8,607 | Nil |
| Bank Interest Gross | Nil | 2 |
| Rates refund | Nil | 1727 |
| Total | 20,763 | 6,1896 |

5.2 I would comment further as follows:

5.3 **Book Debts:** The book debts were factored through Barclays Bank Plc ("Barclays"), who appointed a third party agent to collect the debts on its behalf. The statement of affairs indicated a surplus due to the company of £10,156 after the deduction of the amount owed to the bank.



- 5.4 Barclays collected sufficient debts to satisfy the sum due to it, remitted a surplus of £294.18 and re-assigned the remaining ledger totalling £13,844 to the company. The majority of the re-assigned debts were disputed.
- 5.5 I pursued the remaining disputed debts and have collected a further £2,456 in the period of this report. Whilst I was successful in challenging some of the disputes, disappointingly the majority of the remaining debts are uncollectible and have been written off. Debt collection in this matter is now complete.
- 5.6 **Chattel Assets:** These assets were sold in the previous period and the realisation details are covered in my report dated 9 March 2017.
- 5.7 **Cavendish Printing Inks Holdings:** This is a connected company which was placed into creditors' voluntary liquidation on 11 January 2016. There is no likelihood of a dividend available for any class of creditor therefore no further action will be taken to collect this debt.
- 5.8 **Cash at Bank:** The balance held at the bank at the time of my appointment of £261 was off set against a loan the company had with the same bank as previously reported. Nothing was received in this respect.
- 5.9 **Other Assets:** The following assets were realised in the period:
- i A rates refund of £1,727;
 - ii A small amount of bank interest gross.

6 Investigation into the affairs of the company

- 6.1 I undertook an initial investigation into the company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.
- 6.2 In particular, I recovered, listed and reviewed the company's accounting records; obtained and reviewed copy bank statements for the two years prior to the company ceasing to trade from the company's bankers; and compared the information in the company's last set of accounts with that contained in the statement of affairs lodged in the liquidation and made enquiries about the reasons for the changes.
- 6.3 Summers Nigh Law (now Howes Percival) were instructed to look into the bank's cross guarantee. They have confirmed it is valid and there is no further action to be taken in this respect.
- 6.4 Within six months of my appointment as liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make them unfit to be concerned with the management of the company. I would confirm that my report has been submitted.



7 Liabilities

- 7.1 **Secured Creditors:** An examination of the company's mortgage register held by the Registrar of Companies, showed that the company has granted the following charges:

| | |
|-------------------------------|---------------------------|
| Name of Chargeholder: | Barclays Bank Plc |
| Date Charge Registered: | 13 September 2007 |
| Type of Security | Fixed and floating charge |
| Claim on statement of affairs | £78,974.61 |
| Claim received to date: | £0 |

- 7.2 **Preferential Creditors:** The statement of affairs anticipated £2,226 in preferential creditors. Claims totaling £1,692 have been received.

- 7.3 **Crown Creditors:** The statement of affairs included £3,000 owed to HMRC. To date, no claim has been received.

- 7.4 **Non-preferential unsecured Creditors:** The statement of affairs included 42 non-preferential unsecured creditors with an estimated total liability of £114,557. I have received claims from 21 creditors at a total of £102,349. I have not received claims from 27 creditors with original estimated claims in the statement of affairs of £90,264.

- 7.5 At the time of writing, I have not investigated the reasons for the difference in the level of claims received as it is not cost effective to do so.

8 Dividends

- 8.1 I confirm no dividend will be paid to any class of creditor.

- 8.2 **Secured creditors:** As indicated above, the company granted a charge to Barclays Bank Plc.

- 8.3 The bank's security has been satisfied by way of collection of the book debts and offsetting funds held in the company's bank accounts. The bank holds a cross guarantee between the company and its connected company Cavendish Printing Inks Holdings Ltd ("CPIH"). As a result, the bank has also offset the funds held in CPIH's bank account against the loan.

- 8.4 **Preferential creditors:** As indicated above, I have received preferential claims of £1,692 and there will be no return to preferential creditors.



8.5 **Non-preferential unsecured creditors:** As indicated above, I have received non-preferential unsecured claims of £102,349.

8.6 The legislation requires that if the company has created a floating charge after 15 September 2003, a prescribed part of the company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors.

8.7 As previously advised, the company gave a floating charge to Barclays Bank Plc on 13 September 2007 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the liquidation to date and the net property, I estimate there will be no prescribed part of the net property for unsecured creditors.

8.8 Since the company's net property is less than £10,000, the insolvency legislation does not require me to distribute the prescribed part of the net property to creditors if I think that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors. I am of the view that the costs of distribution would be disproportionate and so will not be making a distribution of the prescribed part of the net property to non-preferential unsecured creditors.

8.9 There will be no return to non-preferential unsecured creditors.

9 **Pre-Appointment Remuneration**

9.1 The creditors previously authorised the payment of a fee of £5,000 for my assistance with preparing the statement of affairs and convening and holding the meeting of creditors at a meeting held on 11 January 2017.

9.2 I have drawn £4,150 to date in this respect.

10 **Liquidators' Remuneration**

10.1 My remuneration was previously authorised by the creditors by a written resolution approved on 29 February 2016. My remuneration was authorised on a mixture of a fixed fee, a scale rate on realisations and on a time cost basis.

10.2 **Fixed Fee:** I was authorised to draw a fixed fee of £11,000 for my work in respect of Administration and planning and creditors.

10.3 I have not been able to draw any remuneration in respect of work done for which my fees were approved as a fixed fee.

10.4 **Percentage of Realisations:** I was authorised to draw a percentage of realisations for my work in respect of the realisation of assets on the following scale:

- 0% of First £2,000
- 100% of next £1,750
- 75% of next £1,500



- 15% of next £396,000
- 1% of subsequent realisations

10.5 Based on realisations I have achieved to date I am entitled to draw £3,015.99 but will not do so as there are insufficient realisations.

10.6 **Time Costs:** I was authorised to draw time costs for my work in respect of investigations and case specific matters. This approval was based on my fees estimate of £7,183. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

10.7 My total time costs for such work to 10 January 2018 amount to £5,991.34, at an average charge out rate of £187.23 per hour.

10.8 The actual average charge out rate incurred compares with the estimated average charge out rate of £191.55 in my fees estimate.

10.9 I have not been able to draw any remuneration in respect of work done for which my fees were approved on a time cost basis.

10.10 A detailed schedule of my time costs incurred to date on the above categories compared with my original fees estimate is attached.

10.11 At the time of reporting, I do not anticipate that the total time costs I will incur in this matter in respect of the categories of work for which I am being remunerated on a time cost basis will exceed the total estimated remuneration I set out in my fees estimate when my remuneration was authorised.

10.12 It is unlikely I will draw any remuneration in this matter.

11 Liquidators' Expenses

11.1 Creditors authorised that I could draw category 2 disbursements on 29 February 2016.

11.2 I have incurred expenses to 10 January 2017 of £2,441 of which £45 was incurred in this reporting period. I have not been able to draw any expenses in this matter.

11.3 I have used the following agents or professional advisors in the reporting period:

| Professional Advisor | Nature of Work | Basis of Fees |
|--|---|----------------------------|
| BRV UK Ltd | Valuer/Auctioneer | Percentage of realisations |
| Howes Percival (formerly Summers Nigh Law) | Solicitors – legal advice re cross guarantee | Time costs |
| The Coupers Partnership Ltd | Commercial surveyors & agents – acted on rates rebate | 30% of saving achieved |



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

12 Creditors' Rights

- 12.1 An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the joint liquidators' remuneration and expenses within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.
- 12.2 An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint liquidators' fees and the amount of any proposed expenses or expenses already incurred within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.
- 12.3 Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3 is available at http://www.pbcbusinessrecovery.co.uk/wp-content/uploads/2014/06/Guide_to_Liquidators_Fees_Oct_2015.pdf. Please note that there are different versions of the guidance notes and in this case you should refer to October 2015 version. Please note we have provided further details in the attached practice fee recovery sheet.

13 Provision of Services Regulations

- 13.1 To comply with the Provision of Services Regulations, some general information about PBC can be found at <http://www.pbcbusinessrecovery.co.uk/provision-of-services-regulations>

14 Summary

- 14.1 The liquidation is now virtually complete and steps are being taken to bring it to a conclusion. I have requested tax and VAT clearance and once this is received, a final account will be issued.
- 14.2 I estimate that this will take up to six months.
- 14.3 If creditors have any queries regarding the conduct of the liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Natasha Pink on 01604 212150, or by email at natashapink@pbcbusinessrecovery.co.uk.


GAVIN G BATES
Joint Liquidator



Cavendish Printing Inks Limited - In Creditors Voluntary Liquidation
Joint Liquidators' Abstract of Receipts & Payments

From 11 January 2017 To 10 January 2018

| S of A £ | | As Previously Reported | 11/01/17 to 10/01/18 | Total £ |
|-----------------|--|-----------------------------------|-------------------------------------|----------------|
| RECEIPTS | | | | |
| 89,131 | Book Debts | 294.18 | 2,456.36 | 2,750.54 |
| 2,000 | Fixtures & Fittings, Plant & Machinery & Motor Vehicles | 1,710.00 | NIL | 1,710.00 |
| 8,607 | Cash at Bank | NIL | NIL | NIL |
| NIL | Bank Interest Gross | 1.59 | 1.16 | 2.75 |
| NIL | Rates Refund | NIL | 1,726.65 | 1,726.65 |
| 99,738 | | 2,005.77 | 4,184.17 | 6,189.94 |
| PAYMENTS | | | | |
| NIL | Statement of Affairs Fee | NIL | (4,150.00) | (4,150.00) |
| NIL | Agents/Valuers Fees (1) | (891.15) | (517.99) | (1,409.14) |
| NIL | Storage Costs | (9.90) | (27.45) | (37.35) |
| NIL | Statement of Affairs Expenses | NIL | (34.09) | (34.09) |
| NIL | Vat Receivable | (1.98) | (439.45) | (441.43) |
| 0 | | (903.03) | (5,168.98) | (6,072.01) |
| 99,738 | CASH IN HAND | 1,102.74 | (984.81) | 117.93 |

Between 11/01/2016 and 10/01/2018

FIXED FEE

| Classification of work function | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost | Average Hourly Rate |
|---------------------------------|----------------------|----------|----------------------------|----------------------------|-------------|-----------|---------------------|
| Administration & Planning | 5.50 | 8.00 | 29.70 | 14.40 | 57.60 | 10,060.58 | 174.66 |
| Creditors | 2.90 | 0.90 | 1.90 | 4.00 | 9.70 | 1,832.40 | 188.91 |
| Total hours | 8.40 | 8.90 | 31.60 | 18.40 | 67.30 | | |
| Time costs | 3,168.06 | 2,301.36 | 5,375.16 | 1,048.39 | | 11,892.98 | |
| Average hourly rate | 377.15 | 258.58 | 170.10 | 56.98 | | | 176.72 |

Total Fixed Fees charged to 10/01/2018 £0.00

SCALE RATE

| Classification of work function | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost | Average Hourly Rate |
|---------------------------------|----------------------|---------|----------------------------|----------------------------|-------------|-----------|---------------------|
| Realisations | 2.00 | 1.40 | 16.90 | 0.20 | 20.50 | 4,047.98 | 197.46 |
| Total hours | 2.00 | 1.40 | 16.90 | 0.20 | 20.50 | | |
| Time costs | 754.37 | 338.62 | 2,946.19 | 8.80 | | 4,047.98 | |
| Average hourly rate | 377.18 | 241.87 | 174.33 | 44.00 | | | 197.46 |

Total Scale Rate Fees charged to 10/01/2018 £0.00

TIME COSTS

| Classification of work function | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost | Average Hourly Rate | Time costs as detailed in Fee Estimate |
|---------------------------------|----------------------|---------|----------------------------|----------------------------|-------------|-----------|---------------------|--|
| Investigations | 1.70 | 0.70 | 14.40 | 0.20 | 17.00 | 3,356.92 | 197.47 | 2,825.00 |
| Case Specific Matters | - | 0.10 | 14.70 | 0.20 | 15.00 | 2,634.42 | 175.63 | 4,358.00 |
| Total hours | 1.70 | 0.80 | 29.10 | 0.40 | 32.00 | | | |
| Time costs | 640.02 | 204.20 | 5,114.62 | 32.51 | | 5,991.34 | | 7,183.00 |
| Average hourly rate | 376.48 | 255.25 | 175.76 | 81.28 | | | 187.23 | |

Total Time Cost Fees charged to 10/01/2018 £0.00

EXPENSES

| Description | Total Incurred £ | Total Recovered £ |
|-----------------------------------|------------------|-------------------|
| Advertising | 292.00 | - |
| Legal Fee | 6.00 | - |
| Postage/Stamps/Copying/Stationery | 237.33 | - |
| Room Hire | 40.00 | - |
| Bordereau | 70.00 | - |
| Insolv Case Administration Fee | 110.00 | - |
| Storage | 1,685.75 | - |
| Totals | 2,441.08 | - |

Between 11/01/2017 and 10/01/2018

FIXED FEE

| Classification of work function | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost | Average Hourly Rate |
|---------------------------------|----------------------|-----------------|----------------------------|----------------------------|--------------|-----------------|---------------------|
| Administration & Planning | 2.60 | 6.10 | 10.40 | 3.00 | 22.10 | 4,444.18 | 201.09 |
| Creditors | 0.10 | 0.20 | 0.50 | - | 0.80 | 171.53 | 214.41 |
| Total hours | 2.70 | 6.30 | 10.90 | 3.00 | 22.90 | | |
| Time costs | 1,022.13 | 1,598.32 | 1,848.15 | 147.11 | | 4,615.71 | |
| Average hourly rate | 378.57 | 253.70 | 169.56 | 49.04 | | | 201.56 |

Total Fixed Fees charged to 10/01/2018 £0.00

SCALE RATE

| Classification of work function | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost | Average Hourly Rate |
|---------------------------------|----------------------|---------------|----------------------------|----------------------------|-------------|-----------------|---------------------|
| Realisations | 0.50 | 1.20 | 6.30 | - | 8.00 | 1,581.48 | 197.68 |
| Total hours | 0.50 | 1.20 | 6.30 | - | 8.00 | | |
| Time costs | 189.65 | 284.54 | 1,107.29 | - | | 1,581.48 | |
| Average hourly rate | 379.30 | 237.12 | 175.76 | - | | | 197.68 |

Total Scale Rate Fees charged to 10/01/2018 £0.00

TIME COSTS

| Classification of work function | Partner/ Director | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | Time Cost | Average Hourly Rate | Time costs as detailed in Fee Estimate |
|---------------------------------|----------------------|---------------|----------------------------|----------------------------|-------------|---------------|---------------------|--|
| Investigations | - | 0.30 | 0.20 | - | 0.50 | 104.15 | 208.30 | 2,825.00 |
| Case Specific Matters | - | - | 0.10 | - | 0.10 | 17.58 | 175.76 | 4,358.00 |
| Total hours | - | 0.30 | 0.30 | - | 0.60 | | | |
| Time costs | - | 69.00 | 52.73 | - | | 121.73 | | 7,183.00 |
| Average hourly rate | #DIV/0! | 230.00 | 175.76 | - | | | 202.88 | |

Total Time Cost Fees charged to 10/01/2018 £0.00

EXPENSES

| Description | Total Incurred £ | Total Recovered £ |
|-----------------------------------|------------------|-------------------|
| Legal Fee | 6.00 | - |
| Postage/Stamps/Copying/Stationery | 38.90 | - |
| Totals | 44.90 | - |

PRACTICE FEE RECOVERY POLICY FOR PBC BUSINESS RECOVERY & INSOLVENCY LTD

Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.pbcbusinessrecovery.co.uk/links/>. The reader should note there are two versions of these guides and should refer to those titled Post-October 2015. Alternatively a hard copy may be requested from PBC Business Recovery & Insolvency Ltd, 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP. Please note that we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Charge-out Rates

| Grade of staff | Current charge-out rate per hour, effective from 31 March 2017 (£) | Current charge-out rate per hour, effective from 31 March 2013 (£) |
|------------------------------|---|---|
| Partner (Appointment Takers) | 380 | 377 |
| Manager | | |
| Other Directors | 275 | 215-271 |
| Case Manager | 230 | 176 |
| Other Senior Professionals | | |
| Senior Case Administrator | 180 | 176 |
| Case Administrator | 120 | 119-120 |
| Junior Case Administrator | 75 | 55 |
| Assistants & Support Staff | 45 | 44 |

These charge-out rates charged are reviewed on 31 March each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning.
- Investigations.
- Realisation of Assets.
- Creditors.
- Trading
- Case specific matters.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs for the following categories:

- Investigations
- Trading
- Distributions of funds to creditors and/or shareholders
- Case Specific Matters

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or “blended” rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The

legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' voluntary liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Agent's Costs

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

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

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

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

| | | |
|---------------------------------|-------|--|
| Room Hire | 40.00 | Per formal meeting at firm's offices |
| Case File Storage & Destruction | 20.00 | Storage of case files for 6 years after case closure and final shredding -- per case (Min. up to 4 case files). Additional files charged at £5 each. |
| Mileage | 0.45 | Per mile travelled |
| Card printing | 0.17 | Per sheet |
| Digital photographs | 0.50 | High Resolution digital photographs - each |
| Electoral Database Search | 1.00 | Use of commercial database of electoral rolls |
| Archive boxes | 5.00 | Per box |
| Files & dividers | 3.50 | Per file |
| Labels | 0.50 | Per sheet used |
| Photocopying | 0.15 | Per sheet used |