

AM03

Notice of administrator's proposals



Companies House

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10/10/2018

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COMPANIES HOUSE

1 Company details

Company number 0 2 9 9 3 9 3 7

Company name in full Star Cars Limited

t/a Star Bus

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Andreas

Surname Arakapiotis

3 Administrator's address

Building name/number Mountview Court

Street 1148 High Road

Post town Whetstone

County/Region London

Postcode N 2 0 0 R A

Country

4 Administrator's name ①

Full forename(s) Kikis Kallis FCCA

Surname FABRP

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Mountview Court

Street 1148 High Road

Post town Whetstone

County/Region London

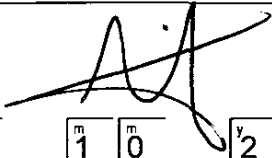
Postcode N 2 0 0 R A

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕</div> <div></div> <div>✕</div>	
Signature date	<div><div>d</div>0<div>d</div>5<div>m</div>1<div>m</div>0<div>y</div>2<div>y</div>0<div>y</div>1<div>y</div>8</div>	

AM03

Notice of Administrator's Proposals



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	Andreas Arakapiotis
Company name	Kallis & Company
Address	Mountview Court
	1148 High Road
Post town	Whetstone
County/Region	London
Postcode	N 2 0 0 R A
Country	
DX	
Telephone	020 8446 6699



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 and dated 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

**Joint Administrators' Proposals relating to
Star Cars Limited t/a Star Bus ("the Company") – In Administration**

Issued on: 5 October 2018

Delivered to creditors on: 5 October 2018

Kikis Kallis FCCA FABRP and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company.

1. STATUTORY INFORMATION

Company Information

Company name: Star Cars Limited t/a Star Bus
Previous name: n/a
Trading name: Star Bus
Company number: 02993937
Date of incorporation: 24/11/1994
Trading address: 5 Plantagenet Road, New Barnet, Hertfordshire, EN5 5JG
Current registered office: Mountview Court, 1148 High Road, Whetstone, London, N20 0RA
Former registered office: Altay House, 869 High Road, New Barnet, Hertfordshire, N12 8QA
Principal trading activity: Passenger Transport

Appointment Details

Administrators: Andreas Arakapiotis and Kikis Kallis FCCA FABRP
Administrators' address: Kallis & Company Mountview Court, 1148 High Road, Whetstone, London, N20 0RA
Date of appointment: 10 August, 2018
Court name and reference: High Court
004866 of 2018
Appointment made by: Qualifying Floating Charge Holder ("QFCH")
Actions of Administrators: Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company:

Directors who have held office in the past 3 years:	Name	Appointed	Resigned
	Carl Simon Parkinson	24/02/2006	-
	Alex Darren Parkinson	21/09/1998	-
	Keith Parkinson	24/11/1994	-
Company secretary:	Carl Simon Parkinson	01/02/2002	-

Share capital

Authorised	Allotted, called up and fully paid
100,000 ordinary shares £0.001 each	100,000 ordinary shares of £0.001 each

Shareholders:

17,000 – Alex Parkinson

17,000 – Carl Simon Parkinson
66,000 – Keith Parkinson

Outstanding Charges

Type: Debenture

Persons Entitled: Alex Parkinson as Trustee of Star Bus Pension Scheme
Carl Parkinson as Trustee of Star Bus Pension Scheme
Morgan Lloyd Trustees of Trustee of Star Bus Pension Scheme

Created: 24 November 2014 **Registered:** 1 December 2014

Short Particulars: 1. charges to the pension scheme, by way of first legal mortgage, all real properties whether registered or unregistered;. 2. charges to the pension scheme, by way of first fixed charge:. A. all properties acquired by the borrower in the future; B. all present and future interests of the borrower not effectively mortgaged or charged under the preceding provisions of this clause, or over, freehold or leasehold property;. C. all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the properties;. D. all licences, consents and authorisations (statutory or otherwise) held or required in connection with the borrower's business or the use of any charged property, and all rights in connection with them;. E. all present and future goodwill and uncalled capital for the time being of the borrower;. F. all of the equipment. G. all of the intellectual property and all fees and royalties delivered from, or incidental to, the intellectual property;. H. all the book debts. I. All the investments; and. J. all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person.. 3. assigns to the pension scheme, by way of first fixed charge, all its rights in any policies of insurance or assurance present or future (including, without limitation, any insurances relating to the properties or the equipment).

Contains fixed charge.

Contains floating charge.

Floating charge covers all the property or undertaking of the company.

Contains negative pledge.

2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

- The Company was set up by Mr Keith Parkinson in 1994. It operates a dedicated transport service for local government, corporate bodies and private organisations. Primarily operating services for local councils in the London area and surrounding counties in transporting Special Educational Needs children ("SEN").
- During August 2016 to July 2017 the Company lost some of its contracts which resulted in turnover decreasing by some £700,000. However costs remained relatively unchanged and did not drop in line with the turnover. Additionally, during this period the Company employed an in-house accountant bookkeeper. VAT returns were completed and filed incorrectly and accounts were prepared with errors. The management accounts for year ending May 2017 presented to the directors showed a loss of £174,000 when in fact the Company had made a loss of some £400,000. This made it difficult for the directors to have a clear picture of the Company's financial position at the time.
- As a result of the cash flow problems, the Company accrued a significant liability to HM Revenue & Customs ("HMRC") relating to PAYE and VAT.
- Due to the HMRC debt, their invoice discounting provider, Bibby Financial Services Limited, decided to terminate their agreement with the Company. The Company was unable to secure a new provider and this had a negative impact on its cashflow.
- HMRC made a demand for payment totalling £474,254.74 which the Company was not able to pay in the timescale proposed and as a result HMRC issued a winding-up petition against the Company.

Despite every effort made, including the directors having taken loans out in their personal names and injecting these funds into the business, the Company was unable to settle the HMRC debt in full.

- The directors took measures to cut costs and anticipated entering into new tender agreements with various councils. On this basis, the Directors believed that entering into a Company Voluntary Arrangement would give the Company some time to settle its liabilities and would ensure its survival, whilst at the same time ensuring that 200 jobs would be saved.
- Unfortunately, the voluntary arrangement was rejected by HMRC. As a result of this, the qualifying charge holder, in order to protect its position and having taken its own legal advice, decided to appoint Kikis Kallis and me as joint administrators.

A summary of the Company's recent trading performance is shown below.

	Period from 01/09/2017 to 08/04/2018 (8 months)	Year ended 30/08/2017	Year ended 30/08/2016
<u>Profit & Loss Account</u>			
	(Draft) £	Statutory £	Statutory £
Turnover	2,897,359	4,405,861	5,354,284
Gross Profit	820,731	(40,675)	572,825
Net profit (loss)	59,227	(798,243)	138,010
<u>Balance Sheet</u>			
Fixed Assets	1,793,498	860,187	924,812
Current Assets	239,264	501,693	1,634,667
Creditors	(1,973,535)	(1,814,391)	(2,213,747)
Net Assets/(liabilities)	59,227	(452,511)	345,732

It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

Following HMRC's demand for payment of some £500,000 and the Company's inability to pay this in full, the directors decided to propose a Company Voluntary Arrangement and instructed Kallis & Company to assist in the convening of a meeting of members, and a virtual meeting for creditors and the preparation of proposals for presentation at the meetings.

As required by the Insolvency Code of Ethics, Kikis Kallis FCCA FABRP and I considered the various threats to our objectivity arising from this prior involvement. We concluded that those threats were at an acceptable level such that we could still act objectively and hence could be appointed Administrators of the Company.

On 10 August, 2018, Kikis Kallis FCCA FABRP and I were appointed by the qualifying chargeholder as Joint Administrators of the Company and took over from the Board responsibility for the management of the affairs, business and property of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs.

3. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

As Administrators of the Company, Kikis Kallis FCCA FABRP and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and a Company Voluntary Arrangement, having already been presented, was rejected by its creditors.

As a result, I am seeking to achieve objective (b) for the Company, and will do this by trading the Company in the short term in order to preserve the client relations as much as possible and ensure services are not disrupted in order to achieve a sale of the business and its assets on a going concern basis.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration within 12 months then we will seek to extend the duration of the Administration in accordance with the provisions of the Insolvency Act 1986 and Insolvency Rules 2016.

4. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

Introduction

Since our appointment, Kikis Kallis and I have continued to trade the business in order to retain its goodwill value so that we may be able to sell the business on a going concern basis. This would have secured the jobs of 190 employees.

We have had meetings and been in negotiations with the various London boroughs in order to keep the existing contracts. Unfortunately, despite all efforts, some of these contracts were terminated and has resulted in 74 of the routes being lost and 111 employees being made redundant. It should be noted that the cancelled routes have been assigned to new operators. In such circumstances, the Company's employees would have been transferred under the TUPE regulations automatically, and therefore mitigate their redundancy claims.

We have had to deal with various issues and queries raised by both the redundant employees and the also the retained employees. On appointment, it was not known that the routes would be cancelled and consequently what the staffing requirements for the administration would be.

I was appointed on 10th August and the payroll was due to be paid on 16th August. In order to preserve both cash and goodwill with the staff with the purpose of preventing a "walk-out" which would have effectively ended any opportunity to trade the business, a decision was made to pay all the staff 70% of their salary for the July period, this includes an element of preferential distribution to employees.

Once it became clear what the various London Borough's intentions were, we entered into a redundancy programme whereby 111 employees were informed that their services were no longer required due to the contracts being terminated by the various councils.

Two councils were not supportive of the Company and the administration, namely, Barnet and Kensington and Chelsea. These two councils accounted for the majority of the Company's business.

The employees which were retained were paid the balance of their July salaries.

I instructed specialist agents Lambert Smith Hampton (LSH) to value and market the business and assets of the Company both on an ex-situ and in-situ basis.

In addition, I have undertaken routine statutory and compliance work, such as filed notice of your appointment at Companies House and prepared a gazette notice. These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

To facilitate trading during the Administration period, all the Company's employees were initially retained whilst a review of the staffing requirements was carried out following my appointment. Following the loss of the contracts, the staffing numbers were reduced accordingly within 14 days of my appointment which has reduced the monthly payroll moving forwards.

Role of the Insolvency Practitioner

I was first introduced to the Board of the Company by Andreas Christophorou of AC Partners LLP. I first met with representatives of the Board on 23 April 2018 to discuss the financial affairs of the Company. Prior to the commencement of the Administration I advised the Board as a whole, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics. It would be noted that during my discussions with the Board, we also discussed matters with the secured creditors.

The Company first instructed Kallis & Company to assist in proposing a Creditors Voluntary Arrangement to its creditors. Kallis and Company were involved in drafting the proposals, calling and holding meetings of creditors and members. This Voluntary Arrangement was rejected.

Ultimately the Company was placed into Administration and Kikis Kallis and I were appointed Joint Administrators. As Administrators we are officers of the Court and we have taken over the management of the Company from the Board. As indicated above, the purpose of this Administration is achieve objective (b).

In order to help us achieve the objective we have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Company as a whole other than where objective c) is being pursued I need only ensure that I do not unnecessarily harm the interests of the creditors of the Company as a whole.

Pre-appointment considerations

As stated above, Kallis and Company was previously instructed by the directors of the Company on 24 April 2018 to assist the Company with drafting proposal for a Creditors Voluntary Arrangement and hold meetings of creditors and members in order to consider these proposals, which were rejected by the creditors.

As a result, the qualifying charge holder, in order to protect their position, appointed both me and Kikis Kallis of Kallis & Company joint administrators.

Trading

As at the date of appointment the Company had seven running contracts with various London Boroughs. It employed a total number of 190 members of staff, mainly drivers and caretakers, but also some office staff. From my prior knowledge about the Company, having been involved in the process of the proposed CVA, I was able to assess the viability of the business. Upon this, a decision was made to continue trading the business in order to retain its value so that it could be sold on a going concern basis.

The devised strategy was to ensure all contracts could be retained and the running of the business could continue without any disruption. The Company's contracts with the London Boroughs facilitated a total of 131 routes. Unfortunately, because of the administration, two boroughs decided to terminate their contracts with the Company and as a result, the Company lost 59 routes and some of the boroughs decreased their routes. The Company is now running 48 routes.

The loss of contracts resulted in a number of 111 employees having to be made redundant. Out of these employees, 64 who worked routes for the borough of Kensington and Chelsea, being one of the boroughs that terminated their contract with the Company, were transferred by the borough to the new providers taking on the routes. It is believed that this happened as a result of the continuation of trading, allowing the council time to seek alternative providers for the routes and who would be willing to take on all the employees under the Transfer of Undertakings (Protections of Employment) Regulations 2006 "TUPE".

We were able to retain contracts with Enfield Council, Haringey Council, Camden Council and Ealing with majority of these councils decreasing the number of routes the Company facilitated.

At the time of my appointment the Company had use of some 150 vehicles, 89 of which were leased or subject to hire purchase ("HP"). Having lost the contracts with some of the London boroughs, some of these vehicles were no longer required. We have spent a considerable amount of time reviewing the position with regard to the vehicles, in order to decide how many should be retained for trading. Vehicles have now been reduced to 30 leased, 31 HP, and 67 wholly owned. Out of the 67 wholly owned vehicles, only 17 are road worthy and 9 of these are currently in use. We are working with the director to have any vehicles that are in bad/non running condition repaired etc, so that we can reduce the number of leased vehicles as much as possible. This will in turn cut running costs.

All unencumbered vehicles have an in-situ value of £51,000 as per the valuation prepared by our agents presented below. This would only be achieved if the vehicles are sold as part of the sale of business. We have been advised that should these be sold on an ex-situ basis, the anticipated realisations are estimated to be in the region of £38,000 for the whole fleet of unencumbered vehicles. This was another factor considered when deciding to continue to trade the business.

I attach a trading account as Appendix 3 and would comment as follows :-

Sales:

The Company raises all its invoices at the beginning of each month for the work carried out on the previous month. Payment is normally due within 30 days from the date of invoice.

All invoices raised for the month of August total to £13,044.59. This was anticipated considering school closures in the month of August. Out of all the invoices raised and issued, £7,496.46 has been received to date. The balance is anticipated to be received shortly.

The September invoices have been raised, these total to circa £100,000.

Other Direct Costs:

Direct Labour: This relates to wages paid to all employees for the month of July. This was done to ensure their continued service with Company. Due to lack of funds, only 70% of all wages could be paid initially. The remaining 30% was to be paid at a later date to the retained employees. Within two weeks of appointment we were made aware of the termination of some contracts and as a result more than half of the employees were made redundant. As redundancy was made within two weeks, the contracts were not adopted by the Administrators. The balance of the July wages was paid only to the staff that were retained.

Sub-Contractors: There are only two sub-contractors that are currently being paid. Payment to them was made toward their July invoices because they are essential to the running of the business. Both individuals work in the office and deal with matters such as the payroll, invoicing, and vehicles.

Expenditure:

Trading expenditures total £57,411.31 for the period since my appointment to date, of which £25,221.76 relates to vehicle hire costs and other vehicle running costs, and £29,821.23 relates to August wages. August wages have only been paid to retained employees.

It should be noted that the September wages are anticipated to be in the region of £50,000.

Valuation of the business and assets

We instructed Messrs LSH LLP, professional Valuers and Auctioneers ("the agents"), to value the Company's assets on a going concern basis. We would advise that the agents have confirmed their independence and that they carry adequate Professional Indemnity Insurance. The valuation provided for the tangible assets totalled £56,847 on an in-situ basis, and £39,000 on an ex-situ basis broken down as follows:-

Asset category	Valuation basis & amount (£)	
	e.g. In-situ	e.g. Ex-situ
<u>Fixed charge assets</u>		
Goodwill	Uncertain	Nil
<u>Floating charge assets</u>		
Stock	2,000	200
Office equipment	3,000	800
Intellectual property		
Motor Vehicles	51,000	38,000
Assets Subject to Finance	847	Nil
Total	56,847	39,000

Marketing of the business and assets

We are not aware of any marketing activities undertaken by the Company prior to our involvement.

Following discussions with the appointed agents, it was agreed that in order to assess the saleability of the business, a sales letter be sent to 4 interested parties who had already contacted my office and potential purchasers known to the agents.

A Non-Disclosure Agreement ("NDA") was signed by 4 parties. Additional information has been requested which is being collated and provided to the agents as necessary. We have received one offer to date, from the directors of the Company, Mr Alex Parkinson and Carl Parkinson. Their offer is currently being considered.

Conclusion

The marketing of the business has indicated that there is some value to the goodwill. Matters in this regard are still being dealt with and the most viable offer for the business and assets will be accepted in due course.

5. FINANCIAL POSITION OF THE COMPANY

A summary of the Company's estimated financial position as at 10 August, 2018, which is known as a Statement of Affairs, is attached at Appendix 1. The Statement of Affairs has been prepared but not verified by the directors.

Comments on the Statement of Affairs

5.1. Goodwill

The goodwill has an uncertain value as at the date of administration.

5.2. Book debts

The realisable value given to book debts takes into account known bad debts of £142,136.17. To date £104,526.97 and it is estimated that the balance will be paid in full.

5.3. Plant and machinery

The Company's plant and machinery consists of office furniture and equipment.

5.4. Motor Vehicles

The Company operated some 158 vehicles at the time of Administration. 69 of these vehicles were owned by the Company and 89 were subject to finance. Following the loss of contracts some of the financed vehicles have been returned. There are currently 61 vehicles kept for trading.

As aforementioned, there are currently 61 vehicles subject to hire purchase. On current information insufficient money will be realised from their sale to repay the finance agreements.

The Company owns 69 vehicles. These have an in-situ value of £51,000 and an ex-situ value of £38,000 as stated in the valuation report prepared by LSH.

5.5. Preferential creditors

The only known preferential creditors are former employees of the Company for unpaid wages and holiday pay. Their claims are subject to a maximum limit set by the insolvency legislation.

5.6. Prescribed part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;

up to a maximum of £600,000.

The Company gave a floating charge to Alex Parkinson as Trustee of Star Bus Pension Scheme, Carl Parkinson as Trustee of Star Bus Pension Scheme and Morgan Lloyd Trustees of Trustee of Star Bus Pension Scheme on 24 November 2014 and the prescribed part provisions will apply. The Statement of affairs shows that the net property of the Company is £136,934 and I estimate that the prescribed part of the net property for unsecured creditors is £30,387. However, these estimates do not take into account the costs of the Administration which will reduce the amount of the Company's net property. Even after taking into account the costs of the Administration I still envisage being able to make a distribution of the prescribed part of the net property to the unsecured creditors, but I am unable to estimate the amount of that distribution at present.

6. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 10 August, 2018, to the date of these proposals, at Appendix 2.

As the Company was registered for VAT, all items are shown as net of VAT on the receipts and payments account and the VAT is recovered for the benefit of the insolvency estate.

7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company I propose to continue trading to preserve the Company's goodwill and ongoing contracts whilst the business and assets are marketed and a sale achieved on a going concern basis.

The Company's trading will be financed by the trading receipts from clients. The directors have continued to manage the Company's activities on a day to day basis with the operations being overseen by both administrator and our staff. It was essential that a system stayed in place to ensure the continued services to clients and ultimately the preservation of the company's goodwill. This will continue until the sale of the business is agreed and the sale completed. Furthermore, this has significantly decreased the Administrators costs of trading the business.

The Company's financial position means there are insufficient assets to enable me to pay any dividend at all to non-preferential unsecured creditors.

8. ADMINISTRATORS' REMUNERATION AND EXPENSES

I attach at Appendix 3 a copy of my practice fee recovery policy. In this case I am seeking to fix the basis of my remuneration on a time cost basis as detailed below:

Time costs:

Some work cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis. For these tasks, I propose to seek approval on a time cost basis. i.e. by reference to time properly spent by me and members of staff of the practice at our standard charge out rates. When I seek approval for my fees on a time cost basis I have to provide a fees estimate. That estimate acts as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees. I attach a "Fees estimate summary" at Appendix 5 that sets out the work that I intend to undertake, the hourly rates I intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate.

As indicated in the fees estimate the following areas of work will be charged on a time cost basis investigations; trading; the liquidation of the Company and case specific matters. The following explains about the areas of work for which I am seeking approval on a time cost basis, whilst full information about the work that I will undertake on a time cost basis is contained in Appendix 4.

Administration:

This represents the work that is involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder (and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

Investigations:

The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.

Realisation of Assets:

This is the work that needs to be undertaken to protect and then realise the known assets in the case.

Trading:

The office holder has decided to trade the business of the Company in order to achieve a sale of the business as a going concern, which it is anticipated will be for a greater amount than a disposal of assets on a break up basis in order to maximise the recoveries on behalf of creditors. The particular tasks scheduled in this category of work are required to be undertaken in order to enable the office holder to monitor and control the trading of the business, and include statutory functions that are required to be undertaken when running any business

Creditors:

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). That work will include dealing with queries received from both the ex-employees and the RPO to facilitate the processing of the claims. The office holder is required to undertake this work as part of his statutory functions.

Claims of creditors - the office holder needs maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

Dividends - the office holder has to undertake certain statutory formalities in order to enable him to pay a dividend to creditors. This include writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

More details of the tasks included in these categories are included in the fees estimate. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £161,766.50 at a "blended" rate of £234.21 per hour representing 690.70 hours. I propose to cap my fees at £120,000.

This estimate has been provided to creditors at a relatively early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To date a total of 425.30 hours have been spent working on the above tasks in the Administration, and total time costs to date are £88,690.00 charged at an average charge out rate of £208.54. Details of the time units used and current charge-out rates are provided in our practice fee recovery sheet, a copy of which is enclosed at Appendix 3. I attach, in respect of the areas of work where I am seeking to charge

fees on a time cost basis, an analysis of time costs incurred to date by reference to grade of staff and work done at Appendix 6.

I am not seeking a decision from the creditors on whether or not to approve these proposals as the Company's financial position means there are insufficient assets to pay a dividend to non-preferential unsecured creditors.

As a result, it will be for the chargeholder and preferential creditors to approve my remuneration and category 2 expenses.

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 Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.kallis.co.uk/downloads>. There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet.

I have used the following agents or professional advisors since my appointment as Administrator:

Professional Advisor	Nature of Work	Fee Arrangement
LSH	Valuer/Auctioneer	Time Costs
AC Partners	Accountancy/Bookkeeping	Time Costs
Irwin Mitchell	Legal Fees	Time Costs

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

My expenses incurred to date amount to £ and represent:

Type of expense	Amount incurred/accrued since appointment	Amount still to be paid
Agents (LSH)	£11,985.40	£11,985.40
Solicitors (Irwin Mitchell)	£10,700	£10,700
Bonding	£510	£0

I also propose that I am permitted to charge and recover what are known as category 2 expenses. Details of my category 2 disbursement recovery policy are included within our practice fee recovery sheet enclosed as Appendix 3.

The following category 2 disbursements have been incurred to date:

Type of category 2 disbursement	Amount incurred/accrued since appointment	Amount still to be paid
Postage	£214.89	£0.00
Mileage	£8.92	£0.00

In addition to the expenses already incurred, I anticipate that the following expenses will arise in these proceedings:

Disbursements	£	Basis of Fee
Postage	125.00	Based on current prices
Storage	45.00	Estimated for case closure within the year

9. PRE-ADMINISTRATION COSTS

Our pre-administration costs are being sought on a time cost basis.

As I have already indicated, I am not seeking a decision from the creditors approving my proposals. As a result, I will both be seeking a decision to approve the pre-administration costs by written correspondence.

10. ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

11. EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading address is in the United Kingdom.

12. ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, Kikis Kallis FCCA FABRP and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
 - (i) realise the cash in the Company's bank account;
 - (ii) trade the Company with a view to a going concern sale of the business and assets;
 - (iii) sell the Company's assets at such time(s) on such terms as I consider appropriate;
 - (iv) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
 - (v) do all such things and generally exercise all their powers as Administrators as I consider desirable or expedient at my discretion in order to achieve the purpose of the Administration
 - (vi) or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals

- (vii) the Administration will end by placing the Company into creditors voluntary liquidation, and propose that Kikis Kallis FCCA FABRP and I are appointed the joint liquidators of the Company. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out at section 13.
 - (viii) should there be insufficient funds to enable the Company to be placed into creditors voluntary liquidation, the Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after.
- (b) the Administration of the Company will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered.
 - (c) the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company, and propose that Andreas Arakapiotis and Kikis Kallis FCCA FABRP are appointed Joint Liquidators of the Company by the Court.
 - (d) the Administration of the Company will end by making an application to Court for an order that the Administration ceases.
 - (e) the Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

13. APPROVAL OF PROPOSALS

The financial position of the Company means that it has insufficient assets to enable a dividend to be paid to non-preferential unsecured creditors. As a result, I am prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals.

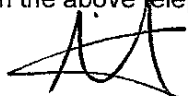
However, a creditor, or creditors, whose debts amount to at least 10% of the total debts of the Company can require me to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit. Such a request must be received by me within 8 business days from the date these proposals are delivered to the creditors. If creditors do not require me hold a decision procedure within that time period, then these proposals will be deemed to have been approved.

Creditors should note that I need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that I request from them to meet the expenses of the requisitioned decision procedure.

14. FURTHER INFORMATION

To comply with the Provision of Services Regulations, some general information about Kallis & Company, including about our complaints policy and Professional Indemnity Insurance, can be found at <https://www.kallis.co.uk/legal>.

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Orkida Aliaj on the above telephone number 020 8492 6026, or by email at orkida@kallis.co.uk.



Andreas Arakapiotis
JOINT ADMINISTRATOR

The Joint Administrators are agents of the Company and act without personal liability.

Appendix 4: Details of work to be undertaken in the

A. Work for which the Administrator is seeking to be remunerated on a time basis:

Administration:

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
Setting up physical/electronic case files (as applicable).
Setting up the case on the practice's electronic case management system and entering data.
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).
Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
Preparing, reviewing and issuing proposals to the creditors and members.
Filing the proposals at Companies House.
Reporting on the outcome of the approval of the proposals to the creditors, Companies House and the Court.
Dealing with all routine correspondence and emails relating to the case.
Opening, maintaining and managing the office holder's estate bank account.
Creating, maintaining and managing the office holder's cashbook.
Undertaking regular reconciliations of the bank account containing estate funds.
Reviewing the adequacy of the specific penalty bond on a quarterly basis.
Undertaking periodic reviews of the progress of the case.
Overseeing and controlling the work done on the case by case administrators.
Preparing, reviewing and issuing 6 month progress reports to creditors and members.
Filing progress reports at Companies House.
Preparing and filing VAT returns.
Preparing and filing Corporation Tax returns.
Seeking closure clearance from HMRC and other relevant parties.
Preparing, reviewing and issuing final reports to creditors and members.
Filing final reports at Companies House.

Realisation of assets:

Arranging suitable insurance over assets.
Regularly monitoring the suitability and appropriateness of the insurance cover in place.
Corresponding with debtors and attempting to collect outstanding book debts.
Liaising with the bank regarding the closure of the account.
Instructing agents to value known assets.
Liaising with agents to realise known assets.
Instructing solicitors to assist in the realisation of assets.
Registering a caution in respect of freehold property owned by the Company
Obtaining details from mortgagees about debts secured over the Company's freehold/leasehold property
Instructing solicitors to assist in the realisation of the freehold/leasehold property
Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge.

Creditors:

Obtaining information from the case records about employee claims.
Completing documentation for submission to the Redundancy Payments Office.
Corresponding with employees regarding their claims.
Liaising with the Redundancy Payments Office regarding employee claims.
Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
Maintaining up to date creditor information on the case management system.
Issuing a notice of intended dividend and placing an appropriate gazette notice.

Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.

Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.

Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

Paying tax deducted from the dividends paid to employees.

Investigations:

Recovering the books and records for the case.

Listing the books and records recovered.

Submitting an online on the conduct of the directors as required by the Company Directors Disqualification Act.

Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.

Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors

Trading:

Obtaining appropriate information about the business and preparing a business plan and cash flow forecasts.

Arranging suitable insurance for the business

Setting up suitable systems and controls in respect of purchases and sales for the business

Liaising with staff and trade unions

Setting up a new RTI registration for the business with HMRC and submitting relevant information in respect of wages and salaries paid

Monitoring and controlling the day to day trading of the business

Monitoring compliance with Health and Safety obligations in respect of the business

Star Cars Limited - Estimated Statement of Affairs as at 10 August 2018

	Book Value	Estimated to Realise
	£	£
Secured Assets		
Motor Vehicles Subject to HP Agreement	2,344,179	345,000
HP Finance Companies	(2,295,811)	(494,057)
Deficit c/d		<u>(149,057)</u>
 Assets Subject to Floating Charge		
Goodwill	Uncertain	Uncertain
 Assets Subject to Floating Charge		
Vehicles	296,016	38,000
Furniture & Fittings	7,027	3,000
Stock	15,000	2,000
Book Debts	142,136	142,136
Cash at Bank	131,798	131,798
Director's Loan Account	115,000	<u>50,000</u>
Total assets Subject to Floating Charge		366,934
Preferential Creditors		<u>230,000</u>
Company's Net Property		136,934
Prescribed Part c/d		<u>(30,387)</u>
Amount available for Floating Charge Creditor		106,547
Floating Charge Creditors		
Star Bus Pension Scheme		<u>19,084</u>
Surplus Available for Unsecured Creditors		125,631
Prescribed Part b/d		<u>30,387</u>
Total Available for Unsecured Creditors		156,018
 Unsecured Creditors		
Deficiency b/d	149,057	
Trade & Expense Creditors	382,473	
Employees	300,000	
Directors	2,683	
HMRC (PAYE and CT)	184,413	
HMRC (VAT)	<u>570,588</u>	
Total Unsecured Creditors		1,589,214
Total deficit to Unsecured Creditors		<u><u>(1,433,196)</u></u>

Note: This does not include the costs of the administration.

Star Cars Limited t/a Star Bus
(In Administration)
Joint Administrators' Trading Account
To 04/10/2018

	£	£
POST APPOINTMENT SALES		
Sales	<u>7,496.46</u>	7,496.46
TRADING EXPENDITURE		
Vehicle Hire	16,998.83	
Petrol	8,478.66	
Parking	232.85	
Postage	12.40	
Telephone	500.00	
DVLA	39.43	
Car Spares	24.99	
Bank Charges	248.90	
Subcontractors	4,661.25	
QBE Insurance	12,500.00	
Vehicle Repairs & Maintenance	1,153.00	
Sundry Expenses	483.16	
Fuel float to Alex Parkinson	2,560.55	
Accounting fees and costs	1,123.86	
Vehicle Tracking	2,920.00	
Wages	29,821.23	
		81,759.11
TRADING SURPLUS/(DEFICIT)		<u><u>(74,262.65)</u></u>

Star Cars Limited t/a Star Bus
(In Administration)
Joint Administrators' Summary of Receipts & Payments

	Statement of Affairs	Period 10/08/2018 to 03/10/2018
	£	£
Receipts		
Book Debts	142,136.00	108,496.27
Insurance Refund	-	1,347.50
Cash at Bank	131,798.13	131,798.13
Bank Interest Gross	0.42	0.42
Funds held on Appointment	10,000	10,000.00
Refund/Recovery	-	3,593.64
	<u>283,934.55</u>	<u>255,235.96</u>
		180,973.31
Payments		
Specific Bond		510.00
Finance Company		8,991.08
Trading Surplus/(Deficit)		(74,262.65)
Duress Payment		
Subcontractors		8,411.25
Wages & Salaries		<u>90,865.00</u>
Total Payments		34,514.68
Receipts less Payments		<u><u>146,458.63</u></u>
REPRESENTED BY		
VAT Receivable		3,588.02
Cash at Bank		68,607.96
		<u><u>72,195.98</u></u>

Estimated Outcome Statement Following Trading to 31 October 2018

	Current Receipts and Payments £	Future Receipts and Payments £	Total Estimated Outcome £
Receipts			
Fixed Charge Assets			
Sale of Goodwill	-	25,000	25,000
Less:			
Office Holders Fees			(15,000)
Agents Fees			(3,000)
Solicitors			<u>(3,000)</u>
Amount available for fixed charge holder			4,000
Amount due to fixed charge holder			<u>(19,084)</u>
Amount due to fixed charge holder c/d			<u>(15,084)</u>
Floating Charge Assets			
Book Debts	108,496	37,609	146,105
Insurance Refund	1,348	Uncertain	1,348
Cash at Bank	131,798	0	131,798
Bank Interest Gross	0	Uncertain	0
Funds held on Appointment	10,000	0	10,000
Refund/Recovery	3,594	0	3,594
Sale of tangible Assets	-	45,000	45,000
Trading Surplus/Deficit	(74,263)	(15,651)	(89,914)
Director's Loan Account			50,000
Total	<u>180,973</u>	<u>66,958</u>	<u>247,931</u>
Payments			
Specific Bond	510	0	510
Finance Company	8,991	0	8,991
Subcontractors (duress payment)	8,411	0	8,411
Wages & Salaries (duress payment)*	90,865	0	90,865
Agents Fees	0	11,985	11,985
Solicitors Fees	0	10,000	10,000
Office Holders Fees	0	105,000	105,000
Office Holders Disbursements		1,000	1,000
	<u>108,777</u>	<u>127,985</u>	<u>236,763</u>
Amount available for preferential creditors	72,196	(61,028)	<u>11,168</u>
Less Preferential Creditors			10,000
Available for the Floating charge creditor			<u><u>1,168</u></u>

Note: This estimated outcome statement is based on trading up to 31 October 2018

*Wages and salaries (duress payment) includes payment of preferential creditors

Analysis of Administrator's time costs for the period 10/08/2018 To 05/10/2018

Classification of Work Content

	Partner Hours	Senior Manager Hours	Manager Hours	Senior Hours	Support Hours	Total Hours	Total Cost (GBP)	Average Hourly Rate (GBP)
Administration & Planning								
AD1.1 - Case planning and review	22.80	0.20	43.90	0.00	26.20	93.10	19,402.50	208.40
AD1.2 - Ongoing administration matters	21.30	0.20	0.00	0.00	0.00	21.50	6,342.50	295.00
AD1.3 - Statutory notices & reporting	0.00	0.00	34.40	0.00	26.20	60.60	10,360.00	170.96
Financials								
AD2.1 - Completion and agreement of tax returns	1.50	0.00	9.50	0.00	0.00	11.00	2,700.00	245.45
AD2.2 - Banking and reconciliations	0.60	1.90	0.30	1.50	16.80	21.10	2,720.50	128.93
AD2.3 - Expense reviews and payments	0.00	0.20	0.00	0.00	0.00	0.20	59.00	295.00
Realisation of Assets								
AD3.1 - Dealing with agents, asset and business sales	0.00	0.80	0.30	1.50	5.30	7.90	1,021.00	129.24
AD3.2 - Book debt collection	0.60	0.90	0.00	0.00	11.50	13.00	1,640.50	126.19
AD3.3 - Identifying assets and recovery	11.10	4.20	4.70	0.00	0.40	20.40	5,747.00	281.72
Creditors								
AD3.4 - Identifying assets and recovery	10.30	4.20	1.40	0.00	0.40	16.30	4,704.50	288.62
AD5.1 - Communication with creditors	0.00	0.00	1.00	0.00	0.00	1.00	225.00	225.00
AD5.2 - Creditors' claims (including Employees' and other preferential creditors')	0.80	0.00	2.30	0.00	0.00	3.10	817.50	263.71
Trading								
AD7.1 - Management of operations	1.40	3.90	51.90	0.60	51.40	109.20	18,456.00	169.01
AD7.2 - Accounting for trading	1.40	2.60	14.70	0.60	21.90	41.20	6,752.50	163.90
AD7.3 - On-going employee issues	0.00	1.30	37.20	0.00	29.50	68.00	11,703.50	172.11
	56.00	25.20	58.40	0.00	41.90	181.50	42,364.00	233.41
	47.90	24.60	26.30	0.00	34.90	133.70	31,227.00	233.56
	4.20	0.20	4.70	0.00	0.00	9.10	2,691.50	295.77
	3.90	0.40	27.40	0.00	7.00	38.70	8,445.50	218.23
Total Hours	91.90	35.40	159.20	2.10	136.70	425.30		208.54
Total Fees (GBP)	28,494.50	10,443.00	35,820.00	262.50	13,670.00		88,690.00	

FEES ESTIMATE SUMMARY

Star Cars Limited t/a Star Bus (In Administration)

The office holder is seeking to be remunerated on a time cost basis. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work, and the time costs of undertaking such work, which will depend upon the grade, or grades, of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work. The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole.

The hourly charge out rates that will be used on this case are:

£

Partner – appointment taker

375.00

Partner – appointment taker

295.00

Partner - manager

295.00

Case Manager

225.00

Case Administrator

125.00

Cashier

100.00

Support staff

100.00

ADMINISTRATION

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.	43.00	13,485.00	
Updating physical/electronic case files (as applicable).	4.00	525.00	
Updating up the case on the practice's electronic case management system and entering data.	6.50	837.50	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).	2.50	582.50	
Obtaining a specific penalty bond.	3.00	706.50	
Convening and holding general meetings of creditors and members (as applicable).	3.00	757.50	
Dealing with all routine correspondence and emails relating to the case.	24.70	4,732.50	
Reviewing the adequacy of the specific penalty bond on a quarterly basis.	1.50	447.50	
Undertaking periodic reviews of the progress of the case.	19.00	4,230.00	
Overseeing and controlling the work done on the case by case administrators.	10.50	3,087.50	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable).	4.00	5,170.00	
Filing returns at Companies House and/or Court (as applicable).	1.20	280.50	
Seeking closure clearance from HMRC and other relevant parties.	0.50	50.00	
Preparing, reviewing and issuing final accounts to creditors and members (as applicable).	18.00	4,325.00	
Preparation and submission of Proposals	16.00	3,572.50	
Filing final returns at Companies House and/or Court (as applicable).	7.00	1,810.00	

-	-	-	
-	-	-	
-	-	-	
Total:	164.40	£44,599.50	£271.29

FINANCIALS

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Opening, maintaining and managing the office holder's estate bank account (delete if not applicable).	15.00	2,170.00	
Creating, maintaining and managing the office holder's cashbook.	4.00	400.00	
Undertaking regular bank reconciliations of the bank account containing estate funds.	5.00	500.00	
Preparing and filing VAT returns (delete if not applicable).	4.30	586.00	
Preparing and filing Corporation Tax returns (delete if not applicable).	4.00	595.00	
Total:	32.30	£4,251.00	£131.61

INVESTIGATIONS

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Recovering the books and records for the case.	6.50	837.50	
Listing the books and records recovered.	3.00	300.00	
by the Company Directors Disqualification Act (delete if not applicable).	2.00	200.00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.	9.00	1,470.00	
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	7.50	1,257.50	
-	-	-	
-	-	-	
-	-	-	
Total:	28.00	£4,065.00	£145.18

REALISATION OF ASSETS

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Arranging suitable insurance over assets.	12.00	2,915.00	
Regularly monitoring the suitability and appropriateness of the insurance cover in place.	2.50	742.50	

Corresponding with debtors and attempting to collect outstanding book debts.	4.50	1,117.50	
Liaising with the bank regarding the closure of the account.	3.00	522.50	
Instructing agents to value known assets.	3.00	965.00	
Liaising with agents to realise known assets.	37.00	11,045.00	
Instructing and dealing with solicitors to assist in the realisation of assets.	7.00	2,145.00	
Reviewing offers and liaising with purchasers	11.50	3,452.50	
Obtaining details from mortgagees about debts secured over the debtor's/company's freehold/leasehold property (where applicable).	-	-	
Determining the joint owner's/spouse's interest in the freehold/leasehold matrimonial home (delete if not applicable).	-	-	
Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable).	-	-	
-	-	-	
-	-	-	
-	-	-	
Total:	80.50	£22,905.00	£284.53

TRADING

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Obtaining appropriate information about the business and preparing a business plan and cash flow forecasts.	15.00	4,825.00	
Arranging suitable insurance for the business	3.50	1,023.50	
Setting up suitable systems and controls in respect of purchases and sales for the business	-	-	
Liaising with staff and trade unions	47.50	10,282.50	
Setting up a new RTI registration for the business with HMRC and submitting relevant information in respect of wages and salaries paid	-	-	
Monitoring and controlling the day to day trading of the business	115.00	31,475.00	
Monitoring compliance with Health and Safety obligations in respect of the business	2.00	325.00	
Accounting for Trade	14.00	4,145.00	
-	-	-	
-	-	-	
-	-	-	
Total:	197.00	£52,076.00	264.35

CREDITORS

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Obtaining information from the case records about employee claims.	10.50	1,772.50	
Completing documentation for submission to the Redundancy Payments Office.	23.00	4,175.00	
Corresponding with employees regarding their claims.	85.00	14,750.00	
Liaising with the Redundancy Payments Office regarding employee claims.	11.00	1,850.00	

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.	16.00	3,670.00	
Maintaining up to date creditor information on the case management system.	6.00	725.00	
Issuing a notice of intended dividend and placing an appropriate gazette notice.	3.50	772.50	
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.	9.50	1,457.50	
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.	9.00	1,400.00	
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.	12.00	2,575.00	
Paying tax deducted from the dividends paid to employees.	3.00	722.50	
-	-	-	
-	-	-	
-	-	-	
Total:	188.50	£33,870.00	£179.68
GRAND TOTAL FOR ALL CATEGORIES OF WORK	690.70	£161,766.50	£234.21

PRACTICE FEE RECOVERY POLICY FOR KALLIS & COMPANY

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 www.kallis.co.uk. Alternatively a hard copy may be requested from Kallis & Company, Mountview Court, 1148 High Road, London N20 0RA. 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.

Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 01/10/2017	Current charge-out rate per hour, effective from 01/10/2015	Previous charge-out rate per hour, effective from 01/10/2012 £	Previous charge-out rate per hour, effective from 01/10/2010 £
Partner – appointment taker	£295-375	£340-375	£275-£335	£275-£320
Senior Manager	£285	£285	£275	£275
Manager	£225	£225	£170-£275	£170-£275
Senior/Case Administrator	£125-175	£150-175	£90-£175	£90-£175
Support Staff	£85-100	£85-100	£60-£85	£60-£85

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

These charge-out rates charged are reviewed on periodic basis 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; Financials; 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 continue to seek time costs for the majority of our cases.

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 Kallis & Company; 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	£50 per hour
Mileage	www.gov.uk/government/publications/rates-and-allowances-travel-mileage-and-fuel-allowances
Storage	£15 per box per annum
Destruction Costs	£5.50 per box