

## Liquidator's Fee Estimate Report to Creditors

My duties and functions as Liquidator are the realisation of the Company's assets, the agreement of the claims of creditors, investigation of the directors' conduct and the company's affairs generally, and the eventual distribution of the Liquidation funds between the creditors in accordance with their legal entitlements.

The assets and liabilities of the Liquidation estate appear to be as follows:-

	£	£
	Book Value	Estimated to Realise
	£	£
<b>Assets</b>	8,689	350
Stocks	7,632	500
Fixtures and Fittings	33	33
Cash at Bank		
	<u>16,354</u>	<u>888</u>
<b>Liabilities</b>		
Employees Claims	3,000	3,000
Trade Creditors	10,038	10,038
Company Credit Cards	10,002	10,002
Loans to Business	42,500	42,500
Directors	6,551	6,551
Landlord	111,941	111,941
HMRC (VAT)	300	300
	<u>184,332</u>	<u>184,332</u>
<b>Deficiency</b>	<u>(167,978)</u>	<u>(183,444)</u>

The above figures are those received to date from the Company, without any independent verification. Furthermore, the figures do not take into account the costs of realisation of assets nor the costs and expenses of the Liquidation.

### Assets:

I intend to realise the Company's assets by instructing an agent to deal with the retention of title claims and the marketing of the assets to obtain the best possible value.

### Secured Liabilities:

There are provisions of the insolvency legislation that require a Liquidator 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" ("prescribed part"). A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. Any costs of the liquidation that are payable before the Liquidator has reached a position to make a distribution to the floating charge holder have to be deducted from floating charge realisations before arriving at an amount for the "net property" of the Company. As a result, the costs associated with realising floating charge assets, paying preferential claims in full, the general costs of winding up and the costs of confirming the validity of the floating charge will have to be deducted before the "net property" is calculated. The "prescribed part" that the Liquidator then has to set aside for unsecured creditors is:

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

- 20% of the remaining net property up to a maximum of £600,000.

As there are no charges registered over the assets of the Company, the prescribed part provisions will not apply.

#### Preferential Liabilities - Employees

The Company had employed four staff including the Directors and it is understood that monies will be owed to them in respect of outstanding holiday pay and wages. The outstanding holiday pay and wages of employees are, subject to statutory limits, preferential claims in the Liquidation.

Should you have any information about the way that the Company's business was conducted or potential asset recoveries that you consider will assist me, please write to me at the above address. I should also be grateful if you would complete and return to me the enclosed creditors' questionnaire. This request for information forms part of my usual investigation procedures and is not intended to imply any criticism of the directors' conduct in respect of the Company.

Clearly it will be some considerable time before I can realise the Company's assets and agree the claims of creditors, but based on current known information about assets and liabilities I think that it is unlikely that a dividend will be paid to unsecured creditors.

#### Liquidator's Fees and Expenses

I have only just been appointed liquidator on the 18<sup>th</sup> November 2015 and therefore my time spent on the case at this present time is negligible.

The following agents or professional advisors have been utilised in this matter:

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Fee Arrangement</u>
Ken Lammas	Valuer/Auctioneer/Estate Agent	Percentage of Realisations

The choice of professionals 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. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case.)

My expenses to 18<sup>th</sup> November 2015 amount to £20.80.

I have not been able to draw any expenses in this matter.

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

- Statutory Advertising, giving notice of the liquidation, my appointment, a Notice of Intended Dividend, and notice of the final meeting, estimated at £308 plus VAT
- Case Administration Fee, £110 plus VAT
- Agent's Fees, estimated at £42.50 plus VAT
- Auction Fees, estimated at £127.50 plus VAT
- Specific Penalty Bond, £40 plus VAT
- Copying, at 10 pence per sheet
- Postage, at the current rate postage rates

Expenses do not have to be approved, but when reporting to the committee and creditors during the course of the Liquidation the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (e.g. where legal costs rise due to escalated recovery action).

There have been no receipts or payments to date.

I attach 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:

Fixed fee basis:

There are certain tasks that I have to carry out on nearly every Liquidation. Although they are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not produce any direct benefit for creditors, but still have to be carried out. I have reviewed our past time records and after taking into account the complexity of the Liquidation, concluded that a fixed fee of £14,000 is necessary to cover that work. I am therefore seeking a fixed fee of £14,000 for the following work that I will undertake. I believe that this demonstrates why the fixed fee is expected to produce an appropriate, reasonable and commensurate reflection of the work that I anticipate will be necessarily and properly undertaken. Please note that the list includes generic tasks that may not be necessary every time, but arise in a typical case and are expected to be necessary in this case. If any one task is not required it would not make a material difference to the amount of work done for which approval of the fixed fee is being sought:

Administration and planning:

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.  
Obtaining a specific penalty bond.  
Convening and holding general meetings of creditors and members (as applicable).  
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 bank 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 annual progress reports to creditors and members.  
Filing returns at Companies House.  
Preparing and filing VAT returns.  
Preparing and filing Corporation Tax returns.  
Seeking closure clearance from HMRC and other relevant parties.  
Preparing, reviewing and issuing final reports to creditors and members.  
Convening and holding final meeting meetings of creditors and members.  
Filing final returns at Companies House.

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.

The following category 2 disbursements have been incurred to date:

<u>Type of category 2 disbursement</u>	<u>Amount incurred/accrued to date</u>	<u>Amount still to be paid</u>
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Stationery

£26.00

£26.00

Details of my category 2 disbursement recovery policy are included within our practice fee recovery sheet. I am seeking a specific resolution by correspondence approving category 2 disbursements.

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.dcabr.co.uk/business-advice-guides](http://www.dcabr.co.uk/business-advice-guides). Alternatively a hard copy may be requested from DCA Business Recovery at 2 Nelson Street, Southend on Sea, Essex SS1 1EF . Please note that we have provided further details in the practice fee recovery sheet.