

## 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>		
Cash at bank	0	0
Debtors	10,200	10,200
Tangible assets	1,937	0
	<u>12,137</u>	<u>10,200</u>
<b>Liabilities</b>		
Trade Creditors	429	429
VAT	1,008	1,008
Corporation Tax	16,000	16,000
PAYE	6,000	6,000
	<u>(23,437)</u>	<u>(23,437)</u>
<b>Deficiency</b>	<u>(11,300)</u>	<u>(13,237)</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:

The Director, Catherine Halliday, has confirmed that there is a £10,200 Directors Loan Account outstanding in this liquidation.

### 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 one member of staff which was the Director, Miss Catherine Halliday. It is understood that £800 is owed in respect of outstanding holiday pay and wages.. It is expected that there shall be no 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.

A proof of debt is enclosed, and if you have not already lodged one with the Official Receiver, you should now complete a proof of debt and send it, together with supporting evidence, to my office address.

#### Liquidator's Fees and Expenses

I was appointed liquidator on 8<sup>th</sup> February 2016 and therefore my time spent on the case at this present time is negligible. I will soon be making various enquiries in to the affairs of the company.

The Director has confirmed that there is a Directors Loan Account of £10,200 however I do not envisage the need to use the services of any agents. Should this change I will notify creditors in the change of circumstances in my next report.

My expenses to 8<sup>th</sup> February 2016 amount to £7.20.

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
- Copying, at 10 pence per sheet
- Postage, at the current rates
- Insolvency Bond £50.00

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 fixed fee and percentage 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.

#### Percentage basis:

There are certain tasks that I only have to carry out where there are assets to recover. They may produce a direct benefit for creditors, but are subject to the costs of the proceedings generally. I undertake the work to recover the assets, initially at my own cost, suffering the loss if any asset is not recoverable. If assets are recovered, I first recover my costs and then distribute any balance. I am seeking a percentage basis that I think reflects the risk that I am taking, the nature of the assets involved, the complexity of the Liquidation, and shares the anticipated benefit with the creditors. I am therefore seeking a fee of 20% of realisations for the following work on realisation of assets that I will undertake and a fee of 10% of any distributions, to reflect the additional work on creditor claims shown below. I believe that this demonstrates why the percentage proposed 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 amount of work done for which approval of the percentage is sought:

#### 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.

#### Creditors

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.

#### 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 members of staff of the practice at our standard charge out rates. 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. I attach a "Fees estimate summary" that sets out 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. 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
- Creditors
- Case specific matters

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 £4,795.00.

I anticipate needing to seek approval to draw fees in excess 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.

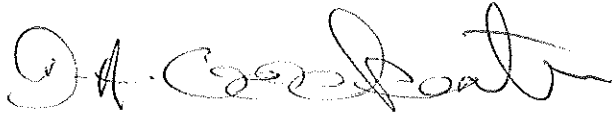
The following category 2 disbursements have been incurred to date:

Type of category 2 disbursement	Amount incurred/accrued to date	Amount still to be paid
Stationery	£7.20	£7.20

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.

A handwritten signature in black ink, appearing to read 'D.A. Cooper'. The signature is fluid and cursive, with the first name 'D.A.' and the last name 'Cooper' clearly distinguishable.

FEES ESTIMATE SUMMARY			
Case name	KCM Consultancy Limited		
<p>The office holder is seeking to be remunerated on a time cost basis for the categories of work to be undertaken on the case that are set out below. 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.</p>			
The hourly charge out rates that will be used on this case are:		£	
Partner – appointment taker		350.00	
Senior Manager		275.00	
Manager		250.00	
Supervisor/Senior Administrator		225.00	
Case Administrator		175.00	
Cashier		130.00	
Support staff		110.00	
INVESTIGATIONS (Note 2)			
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.	0.50	112.50	
Listing the books and records recovered. (0.50 per box)	5.00	550.00	
the Company Directors Disqualification Act (delete if not applicable). (1.00 per director)	2.00	512.50	
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.	2.00	450.00	
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 ( 0.30 per box)	3.00	525.00	
Reviewing Companys bank statements and reviewing receipts and payments in to Company bank account	2.50	437.50	
-	-	-	
-	-	-	
-	-	-	
Total:	15.00	£2,587.50	£172.50
The blended rate in this category is lower than the blended rate for the case as a whole because the majority of the work is undertaken by the case administrator who has a lower charge out rate.			
CREDITORS (Note 4)			
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 £
Issuing a notice of intended dividend and placing an appropriate gazette notice. (Add 0.10 per creditor in case admin)	1.10	235.00	
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend. (0.10 DAC per creditor, 0.10 Case admin per creditor)	1.00	262.50	
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims. (Add 0.10 per creditor to case admin)	0.50	87.50	
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend. (Add 0.10 per creditor to case admin)	1.60	300.00	
Paying tax deducted from the dividends paid to employees. (0.10 per employee under senior admin)	0.10	22.50	
Dealing with creditors correspondence and queries by telephone and email	2.00	350.00	
-	-	-	
-	-	-	
-	-	-	
Total:	6.30	£1,257.50	£199.60

	Whilst the case administrator is doing the majority of work in respect of this category, the Partner will have to spend some considerable time in acknowledging every creditors claim received and signing off to be accepted in the Liquidation.			
	<b>CASE SPECIFIC MATTERS (note 5)</b>			
	<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>	<b>Blended charge out rate to undertake the work £</b>
	<i>Liaising with director in respect of outstanding directors loan account</i>	4.00	950.00	
	-	-	-	
	-	-	-	
	-	-	-	
	-	-	-	
	<b>Total:</b>	4.00	£950.00	£237.50
	specific matters is based on the case administrator, manager and partner to discuss and to liaise with the director in respect of the outstanding loan account. It is estimated that all three members of staff will each take a part in respect of realising this asset and time has also been based on attending meetings with the staff involved to agree the steps forward and to discuss the best available option.			
	<b>GRAND TOTAL FOR ALL CATEGORIES OF WORK</b>	25.30	£4,795.00	£189.53
	<p>Explanatory Note: This estimate has been provided to creditors at an 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.</p>			
	<p>Note 2: 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 estimated time required to be spent to do so and the time costs of doing so are included in the estimate. The office holder is unable to quantify the benefit to creditors of these investigations at present but will include such information in their statutory report to creditors once the position is clear. 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 obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.</p>			
	<p>Note 5: Case specific matters - The office holder may need to undertake work under case specific matters. This may include dealing with any potential retention of title claims should any be received from any creditor and liaising with the director in respect of the outstanding directors loan account.</p>			