

Registrar of Companies
Liquidation Section
PO Box 714
Crown Way
Maindy
Cardiff
CF14 3UZ

BY UPLOAD ONLY

Our ref: LMB/ML/RA/L3232/5
Your ref: 00076185

18 August 2022

Dear Sirs

SIT Controls (UK) Limited - In Creditors Voluntary Liquidation ('the Company')

Please find enclosed for filing:

- A copy of my annual progress report for the year ending 4 July 2022 and
- Form LIQ03

Should you have any queries please contact Richard Anderson or Michele Lockyer on 01784 43561 or by email at richard.anderson@azets.co.uk or michele.lockyer@azets.co.uk.

Yours faithfully



Michele Lockyer
For and on behalf of
Louise Mary Brittain
Joint Liquidator

We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

Azets is a trading name of Azets Holdings Limited. Registered in England & Wales. Registered No. 06365189. VAT Registration No. 320 5454 37.
Registered office: Churchill House, 59 Lichfield Street, Walsall, West Midlands, England, WS4 2BX. Regulated by the Institute of Chartered Accountants in England & Wales for a range of investment business activities. The term 'Board Director' is used to refer to a statutory director and principal of the company as registered at Companies House. Any other designations that include the term 'Partner' or 'Director' or 'Licensed Insolvency Practitioner' are not registered statutory directors or principals of the registered company. Employees acting as licensed Insolvency Practitioners (IPs) are licensed to act as IPs in the UK by either the Insolvency Practitioners Association, the Institute of Chartered Accountants in England and Wales or the Institute of Chartered Accountants in Scotland. A list of our IPs is available at <https://www.azets.co.uk/about-us/legal-regulatory-information/> or upon request. When acting as Receivers or Administrators, they do so as agents and without incurring personal liability. IPs are bound by the Insolvency Code of Ethics when carrying out work relating to an insolvency appointment. Our Privacy policy is available at <https://www.azets.co.uk/about-us/privacy-policy/>.

LIQ03

Notice of progress report in voluntary winding up



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 0 0 7 6 1 8 5

Company name in full SIT Controls (UK) Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Louise Mary

Surname Brittain

3 Liquidator's address

Building name/number Gladstone House

Street 77-79 High Street

Post town Egham

County/Region Surrey

Postcode T W 2 0 9 H Y

Country

4 Liquidator's name ①

Full forename(s) Stephen Paul

Surname Grant

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number 2nd Floor Regis House

Street 45 King William Street

Post town London

County/Region

Postcode E C 4 R 9 A N



Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report											
From date	^d 0	^d 5	^m 0	^m 7	^y 2	^y 0	^y 2	^y 1				
To date	^d 0	^d 4	^m 0	^m 7	^y 2	^y 0	^y 2	^y 2				
7	Progress report											
<input checked="" type="checkbox"/> The progress report is attached												
8	Sign and date											
Liquidator's signature	Signature 											
Signature date	^d 1	^d 8	^m 0	^m 8	^y 2	^y 0	^y 2	^y 2				

LIQ03

Notice of progress report in voluntary winding up



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Richard Anderson

Company name Azets

Address Gladstone House

77/79 High Street

Post town Egham

County/Region Surrey

Postcode TW20 9HY

Country

DX

Telephone 01784 435561



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

SIT Controls (UK) Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 05/07/2021 To 04/07/2022 £	From 05/07/2013 To 04/07/2022 £
ASSET REALISATIONS		
Bank Interest Gross	122.84	3,988.33
Bond settlement funds	375,000.00	375,000.00
Transfer from the former Liquidator	NIL	578,637.98
	375,122.84	957,626.31
COST OF REALISATIONS		
Accountant Fees	NIL	5,000.00
Corporation Tax	114.12	926.47
Legal disbursements	6,920.00	6,920.00
Legal Fees (1)	NIL	84,146.13
Office Holders Expenses	NIL	530.00
Office Holders Fees	NIL	90,000.00
Stationery, Postage, Office costs	NIL	129.72
Statutory Advertising	NIL	71.00
Storage Costs	NIL	1,049.78
Sundry Expenses	NIL	258.13
	(7,034.12)	(189,031.23)
	368,088.72	768,595.08
REPRESENTED BY		
Bank 1 Current		376,594.83
Bank 1 Money Market		390,616.25
Vat Receivable		1,384.00
		768,595.08

Joint Liquidators' Annual Progress Report to Creditors and Members

**SIT Controls (UK) Limited
- In Creditors Voluntary Liquidation**

For the Period ending 4 July 2022

Dated: 18 August 2022

SIT CONTROLS (UK) LIMITED – IN CREDITORS VOLUNTARY LIQUIDATION

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- 4** Creditors' claims and dividend prospects
- 5** Joint Liquidators' Remuneration and disbursements
- 6** Creditors' Rights
- 7** Next Report

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- A** Receipts and Payments Account for the Period from 5 July 2021 to 4 July 2022 incorporating a Cumulative Receipts and Payments Account since the Joint Liquidators' Appointment
- B** Time costs analysis for the Period from the 5 July 2021 to 4 July 2022
- C** Cumulative Time costs analysis for the whole period since the Joint Liquidators' Appointment
- D** Additional information in relation to the Joint Liquidators' expenses
- E** Azets Holdings Ltd Fees and Expenses Policy

1 Introduction and Statutory Information

- 1.1 Louise Brittain and Stephen Grant of Azets Holdings Ltd ('Azets'), Gladstone House, 77-79 High Street, Egham, TW20 9HY, were appointed as Joint Liquidators of SIT Controls (UK) Limited ('the Company') on 7 April 2015. This progress report covers the period from 5 July 2021 to 4 July 2022 ('the Period') and should be read in conjunction with any previous progress reports which have been issued.
- 1.2 Information about the way that we will use, and store personal data on insolvency appointments can be found at <https://www.azets.co.uk/about-us/privacy-cookie-policy/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.3 The principal trading address of the Company was Unit 5 West Moor Park, Yorkshire Way, Doncaster, Yorkshire, DN3 3GW.
- 1.4 The registered office of the Company has been changed to Gladstone House, 77-79 High Street, Egham, Surrey, TW20 9HY and its registered number is 00076185.

2 Receipts and Payments

- 2.1 At Appendix A is our Receipts and Payments Account covering the Period of this report. Also attached at Appendix B, is a cumulative Receipts and Payments Account for the period from the date of our appointment as Liquidator to the end of the Period covered by this report.

- 3** In Section 3 below, you will find an update on the progress made during the Period in realising the Company's assets and dealing with its affairs.

Progress of the Liquidation

- 3.1 This section of the report provides creditors with an update on the progress made in the Liquidation during the Period and an explanation of the work done by the Joint Liquidators and their staff.

Administration (including statutory compliance & reporting)

- 3.2 An office holder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work we anticipated would need to be done in this area was outlined to creditors in our initial fees estimate/information.
- 3.3 The costs of statutory compliance work or reporting to creditors is a statutory reporting requirement on the Joint Liquidators and cannot be avoided.

Realisation of Assets

Bond Settlement Funds

As previously reported a claim was lodged with the former Liquidator's Statutory Insurance Bond Provider. Further details in relation to this claim can be found at paragraph headed *Investigations*.

Bank Interest

- 3.4 During the Period bank interest of £36.82 has accrued on the funds held in the designated Liquidation bank account.
- 3.5 It is anticipated that the work the Joint Liquidators and their staff have undertaken to date will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending

SIT CONTROLS (UK) LIMITED – IN CREDITORS VOLUNTARY LIQUIDATION

on realisations and the extent of any 3rd party security, result in a distribution to the preferential and unsecured creditors of the Company.

Creditors (claims and distributions)

- 3.6 The Joint Liquidators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 3.7 Work undertaken by the Joint Liquidators in dealing with a company's creditors may only therefore bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however the Joint Liquidators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Liquidators in dealing with those claims.
- 3.8 More information on the anticipated outcome for all classes of creditor in this case can be found in Section 4 below.

Investigations

- 3.9 Some of the work Liquidators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA 1986") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Liquidators can pursue for the benefit of creditors.
- 3.10 This report was submitted to the Secretary of State by the former Liquidator

Investigations into the conduct of the Former Liquidator

- 3.11 The Joint Liquidators were appointed to investigate the conduct of the former Liquidator whilst he was in office and dealing with the Liquidation of the Company.
- 3.12 Since my last report to the creditors dated 1st June 2021 advised that a claim was lodged with the former Liquidator's Statutory Insurance Bond provider for £548,458 plus interest and costs.
- 3.13 Negotiations have been on going over the past 24 months to reach a settlement acceptable to both parties. Following a period of where the offers received from the bond providers were not considered adequate the Joint Liquidators liaised with their legal advisors and the largest creditor to agree the strategy going forward. During this period the JL's became aware that the former IPs regulator was taking steps to remove his license.
- 3.14 It was agreed that a without prejudice letter together with a draft particulars of claim would be sent to the bond providers advisors in a last ditch attempt to avoid legal proceedings and to settle this matter outside of a court process.
- 3.15 On the 10 December 2021 a further offer of £350,000 was received from the bond providers advisors to settle the claim, costs and interest. Following discussions with the largest creditor the Joint Liquidators together with their legal advisors issued a counter offer of £400,000. After a period of negotiations a final offer was received from the bond providers advisors totalling £375,000 in full and final settlement of all claims.
- 3.16 A settlement agreement was drafted and approved by all parties in early April 2022 and the sum of £375,000 was received on the 24th May 2022.

4 Creditors

Secured Creditors

- 4.1 There are no known secured creditors.

Preferential Creditors

- 4.2 There are no known preferential creditors.

Unsecured Creditors

- 4.3 The Company's statement of affairs indicated creditors whose debts totalled £6,098.103.00. I have not received any additional claims from unsecured creditors, but I am aware that three claims were received by the former Liquidator and that claims totalling £6,147,302 were admitted for dividend purposes.
- 4.4 The former Liquidator declared a first and final dividend of 0.09 pence in the pound on 9 February 2015 to the unsecured creditors. The dividend due to the largest creditor was not withdrawn from the bank account by them but remained in the Liquidation estate to fund the current investigation by the replacement liquidator. Now that realisations are complete these monies will be remitted to the creditor in full representing their first dividend before a second dividend is declared.
- 4.5 A second and final dividend to the unsecured creditors is expected and will be distributed as soon as possible.

5 Joint Liquidators' Remuneration and disbursements

- 5.1 The Creditors approved that the basis of the Liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Liquidation at a meeting of creditors held on 7 April 2015.
- 5.2 Attached at Appendix B and C is a breakdown of the Joint Liquidators' time costs on the following basis:
- Period of the report from the 5 July 2021 to 4 July 2022 and
 - Period of the Liquidation from the 7 April 2015 to 4 July 2022.
- 5.3 Our time costs for the Period are £13,905.95 which represents 59.35 hours at an average rate of £234.30 per hour.
- 5.4 The cumulative time costs incurred to date are £190,502.24 which represents 768.23 hours at an average rate of £247.98 per hour. Total Time costs of £63,840.33 have been written off throughout the Liquidation leaving unbilled time costs of £39,517.19 in this matter.
- 5.5 Please note that as at the date of this report I have drawn fees totalling £90,000.00. A final further amount of £20,000 plus VAT is being requested to be drawn for our fees in this matter.
- 5.6 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from https://www.azets.co.uk/media/lybj2if4/liquidation-_a_guide_for_creditors_on_insolvency_practitioners_fees-_version_1_april_2021.pdf.
- 5.7 The following appendices are also attached:
- Appendix D - Additional information in relation to the Joint Liquidators' expenses

- Appendix E - Azets Holdings Ltd Fees and Expenses Policy

6 Creditors' Rights

- 6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.
- 6.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Liquidators, as set out in this progress report, are excessive.

7 Next Report

- 7.1 The Joint Liquidators are required to provide a further report on the progress of the Liquidation within two months of the next anniversary of the Liquidation, unless they have concluded matters prior to this, in which case they will write to all creditors with our final account.
- 7.2 If you have any queries in relation to the contents of this report, they can be contacted by telephone on 01784 435561 or by email at richard.anderson@azets.co.uk or michele.lockyer@azets.co.uk
- 7.3 Finally, to comply with the Provision of Services Regulations, some general information about Azets including about our Professional Indemnity Insurance and the Insolvency Code of Ethics, can be found at <https://www.azets.co.uk/about-us/legal-regulatory-information/>.

Yours faithfully



Louise Mary Brittain
Joint Liquidator

Appendix A

Receipts and Payments Account for the Period from 5 July 2021 to 4 July 2022 incorporating a Cumulative Receipts and Payments Account since the Joint Liquidators' Appointment

SIT Controls (UK) Limited - In Creditors Voluntary Liquidation

Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs	From 05/07/2021 To 04/07/2022	From 05/07/2013 To 04/07/2022
£	£	£
ASSET REALISATIONS		
Bank Interest Gross	90.74	3,956.23
Bond settlement funds	375,000.00	375,000.00
Transfer from the former Liquidator	NIL	578,637.98
	375,090.74	957,594.21
COST OF REALISATIONS		
Accountant Fees	NIL	5,000.00
Corporation Tax	114.12	926.47
Legal disbursements	6,920.00	6,920.00
Legal Fees	NIL	84,146.13
Office Holders Expenses	NIL	530.00
Office Holders Fees	NIL	90,000.00
Stationery, Postage, Office costs	NIL	129.72
Statutory Advertising	NIL	71.00
Storage Costs	NIL	1,049.78
Sundry Expenses	NIL	258.13
	(7,034.12)	(189,031.23)
	368,056.62	768,562.98
REPRESENTED BY		
Bank 1 Current		376,594.83
Bank 1 Money Market		390,584.15
Vat Receivable		1,384.00
		768,562.98

Appendix B

Time costs analysis for the Period from the 5 July 2021 to 4 July 2022

SIT CONTROLS (UK) LIMITED – IN CREDITORS VOLUNTARY LIQUIDATION

AZETS

Schedule of Joint Liquidators' time costs for the period 5 July 2021 to 4 July 2022

SIT Controls (UK) Limited – In Creditors' Voluntary Liquidation

HOURS						Time Cost £	Average hourly rate £
Classification Of work function	Partner	Manager	Other senior Professionals	Assistants & support staff	Total Hours		
Administration & planning	1.20	2.50	3.30	12.75	19.75	3,273.50	165.75
Cashiering and Accounting	0.80	1.25	0.40	8.70	11.15	1,869.40	167.66
Investigations	7.40	1.95	3.90	0.40	13.65	5,163.25	378.26
Realisation of assets	0.50	-	-	0.30	0.80	314.00	392.50
Creditors	-	-	-	-	-	-	-
Statutory	0.90	6.20	-	6.90	14.00	3,285.80	234.70
Total	10.80	11.90	7.60	29.05	59.35	13,905.95	234.30

Appendix C

Cumulative Time costs analysis for the whole period since the Joint Liquidators' Appointment

SIT CONTROLS (UK) LIMITED – IN CREDITORS VOLUNTARY LIQUIDATION

AZETS

Schedule of Joint Liquidators' time costs for the period since the Joint Liquidators' Appointment

SIT Controls (UK) Limited – In Creditors' Voluntary Liquidation

HOURS						Time Cost £	Average hourly rate £
Classification Of work function	Partner	Manager	Other senior Professionals	Assistants & support staff	Total Hours		
Administration & planning	36.00	17.32	48.10	61.95	163.37	34,880.77	213.51
Cashiering and Accounting	10.00	5.19	18.20	30.90	64.29	11,504.04	178.94
Investigations	69.60	34.42	56.90	13.70	174.62	54,383.63	311.44
Realisation of assets	54.80	1.20	0.30	185.30	241.60	56,053.50	232.01
Creditors	7.20	5.70	6.80	-	19.70	6,003.00	304.72
Statutory	3.80	40.15	22.30	13.50	79.75	20,830.30	261.19
Case Specific Matters	10.00	-	14.90	-	24.90	6,847.00	274.98
Total	191.40	103.98	167.50	305.35	768.23	190,502.24	247.98

Appendix D**Additional Information in Relation to the Joint Liquidators' expenses****Staff Allocation and the use of Subcontractors**

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

We have not utilised the services of any subcontractors on this case.

Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Wedlake Bell LLP (formerly Moon Beever) (legal advice)	Hourly rate and disbursements
Kain Knight (Costs draftsman)	Fee estimate of £5,000 + VAT and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Joint Liquidators' Expenses

An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Category 1/2	Incurred in the period £	Total Incurred £	Outstanding £
Agents Fees	1	-	5,000.00	-
Legal fees	1	-	84,146.13	-
Legal disbursements	1	6,920.00	6,920.00	-
Statutory Advertising	1	-	71.00	-
Courier	1	-	122.50	-
Stationery	2	-	0.45	0.45
Postage	1	-	6.77	27.36
Specific Bond	1	-	420.00	-
IT Administration Fee	1	-	110.00	
Travel Expenses	2	-	258.13	7.00
Companies House Fees	1	-	-	8.00
Storage Costs	1	-	1,049.78	241.40
Corporation Tax	1	114.12	926.47	-
TOTAL		7,034.12	99,031.23	284.21

Appendix E

Azets Holdings Ltd Fees and Expenses Policy

Introduction

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 9 (SIP 9) and can be accessed at <https://www.azets.co.uk/restructuring-and-insolvency-downloads/>. A hard copy may be requested from Azets Holdings Limited, Gladstone House, 77-79 High Street, Egham, Surrey, TW20 9HY or by emailing richard.anderson@azets.co.uk.

Staff Allocation and Charge Out Rates

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. Work carried out by all staff is subject to the overall supervision of the office holders.

The constitution of the case team will usually consist of a Partner/Director, Manager and an Administrator as well as support staff. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several members of staff may be allocated to meet the demands of the case.

We operate a time recording system which allows staff working on the assignment along with the office holders to allocate their time to an assignment in 6 minute units.

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

- Administration and planning
- Investigations
- Realisation of assets
- Creditors
- Trading
- Case specific matters

Time costs are recorded at the individual's hourly rate in force at that time. Our charge out rates increased on 1 February 2022 and are shown below, exclusive of VAT.

1 February 2022 to date		£	3 December 2018 to 31 January 2022		£
Partner/Director	400.00 – 580.00		Partner	430.00 - 470.00	
Manager	280.00 – 375.00		Directors/Manager	210.00 - 390.00	
Administrator	130.00 – 275.00		Administrator	110.00 - 210.00	
Support Staff	120.00		Junior/Trainee Administrator	95.00 - 200.00	
			Cashiers/Secretaries	60.00 - 100.00	

Included within the manager grade are Senior Manager, Manager and Assistant Manager. Included within the Administrator grade are Senior Administrator and Assistant. 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.

Please note that charge out rates are reviewed annually and may be subject to change.

Expenses

On insolvency appointments, an office holder will typically incur expenses which relate to that assignment. Expenses (or costs) are amounts properly payable by an office holder from an insolvency estate which are not otherwise categorised as the office holder's remuneration or a distribution to a creditor or shareholder. These expenses may include, but are not limited to, agent's costs for disposal and realisation of assets, legal costs, specialist pension advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing the books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit. Details of the anticipated expenses on an insolvency assignment will be outlined in the office holder's fees estimate or other information provided to creditors about the fee basis or bases being proposed.

Expenses recharged to, or incurred directly by, an insolvent estate are subject to VAT at the applicable rate where appropriate.

Some expenses can be paid without prior approval from creditors (referred to as Category 1 expenses) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (referred to as Category 2 expenses).

Category 1 expenses are directly referable to an invoice from a third party that is not an associate of the office holder or the firm, which is either in the name of the estate or Azets Holdings Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the insolvency estate. These costs are recoverable 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.

Category 2 expenses are directly attributable to the estate but include an element of shared costs or is a payment to an associate of the office holder or the firm. These expenses are recoverable from the estate, subject to the prior approval of the creditors, in the same manner as the approval of the office holder's remuneration.

The Category 2 expenses which include an element of shared costs and are charged by this firm are as follows:

- Postage – charged in accordance with the current Royal Mail price guide for first class.
- Business mileage – charged at standard rates which comply with HM Revenue & Customs limits. The current rate is 45 pence per mile.
- Internal photocopying - charged at 5 pence per sheet for reports and circulars issued to creditors, shareholders, employees and other stakeholders. No additional charge is made for individual items of correspondence.

Please note that these category 2 expenses are reviewed annually and may be subject to change.

Payments to associates (as defined in Section 435 of the Insolvency Act 1986 and the Insolvency Code of Ethics), which are also classified as a category 2 expense requiring creditor approval, are not routinely made by this firm. Any such payments will be considered on a case by case basis and when seeking approval for the payments, the office holder will provide creditors with an explanation of the work to be done, why the work is necessary and the estimated payment that will be made. The form and nature of the relationship with the associate will also be provided.

Provision of Services Regulations

When carrying out all professional work relating to an insolvency appointment, Insolvency Practitioners are bound by the Insolvency Code of Ethics.

To comply with the Provision of Service Regulations, some general information about Azets Holdings Limited, including our complaints policy and Professional Indemnity Insurance and the Insolvency Code of Ethics, is available on our website using the following link: www.azets.co.uk/about-us/legal-regulatory-information/.