

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

THURSDAY



A19 \*A6WXAKEG\* 04/01/2018 #402  
COMPANIES HOUSE

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### 1 Company details

Company number 0 3 8 7 2 6 4 6

Company name in full Merchant Inns Limited

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

### 2 Liquidator's name

Full forename(s) Michaela Joy

Surname Hall

### 3 Liquidator's address

Building name/number 4th Floor

Street 4 Victoria Square

Post town St Albans

County/Region Hertfordshire

Postcode A L 1 3 T F

Country UK

### 4 Liquidator's name ①

Full forename(s)

Surname

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

### 5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode

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 3	d 1	m 1	m 2	y 2	y 0	y 1	y 6	
To date	✓ d 3	d 0	m 1	m 2	y 2	y 0	y 1	y 7	✓

**7** Progress report

☒ The progress report is attached

**8** Sign and date

Liquidator's signature	Signature X  X							
Signature date	d 0	d 3	m 0	m 1	y 2	y 0	y 1	y 8

LIQ03

## Notice of progress report in voluntary winding up

**Presenter information**

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

Contact name Michaela Hall

Company name Kingston Smith & Partners LLP

Address 4th Floor

4 Victoria Square

Post town St Albans

County/Region Hertfordshire

Postcode A L 1 3 T F

Country UK

DX

Telephone 01727 896015

**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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**

# **Liquidator's Annual Progress Report to Creditors & Members**

**Merchant Inns Limited  
- In Liquidation**

**3 January 2018**

## **MERCHANT INNS LIMITED - IN LIQUIDATION**

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## MERCHANT INNS LIMITED - IN LIQUIDATION

### 1 Introduction and Statutory Information

- 1.1 Ian Holland ("Mr Holland"). of Ian Holland & Co, The Clock House, 87 Paines Lane, Pinner, Middlesex HA5 3BZ was appointed as the Liquidator of Merchant Inns Limited ("the Company") by way of notice of move from administration to creditors voluntary liquidation, (form 2 34B), filed on 13 April 2011 by Messrs Kahn and Edwards of Deloitte LLP. Joint Administrators of the company
- 1.2 As previously reported, Mr Holland has retired from taking active appointments so I, Michaela Joy Hall, succeeded him as Liquidator on 31 December 2014
- 1.3 This progress report covers the period from 31 December 2016 to 30 December 2017 (**the Period**) and should be read in conjunction with any previous progress reports which have been issued.
- 1.4 The Company was incorporated on 3 November 1999 and operated in the hotel and motel industry.
- 1.5 The Company operated from different trading addresses, and trading names were Caernarvon Arms, Lambert Arms, Talbot Inn, Horse & Groom, Black Boy, Saracens Head and The Mermaid Inn, according to the Joint Administrators' final report dated 8 April 2011.
- 1.6 The registered office of the Company has been changed to 4th Floor, 4 Victoria Square, St Albans, Hertfordshire, AL1 3TF and its registered number is 03872646

### 2 Progress of the Liquidation

- 2.1 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 Liquidator and her staff.
- 2.2 At Appendix A is my Receipts and Payments Account for the period of this report, together with a cumulative Receipts and Payments Account for the period from the date of the Liquidator's appointment to 30 December 2017
- 2.3 Subject to the normal administrative requirements of this type of case, such as period case reviews, filing and general correspondence with stakeholders, the bulk of my work in the Period has been in respect of corresponding with the solicitors dealing with the complex litigation against the Company's former director (details of which are in 2.5 and 2.10 of this report).

#### Administration

- 2.4 A liquidator must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. This work includes dealing with the Company's creditors and employees, together with administrative tasks associated with the appointment, such as agreeing the strategy for the liquidation, filing notices of appointment, statutory advertising, opening and maintaining the estate cash book and bank accounts and reporting periodically to creditors, HMRC and the Registrar of Companies.
- 2.5 The only matters which have affected the costs in this area to any particular extent are agreeing the figures provided by solicitors in the litigation, and in the sale of the Snoozebox shares. The latter task has proved more time consuming than was anticipated, due to the numerous inter-company transactions involved

## MERCHANT INNS LIMITED - IN LIQUIDATION

- 2.6 As previously advised, the receipts and payments account has yet to be reconciled, so the credit balance of £69,075.48 is incorrect. The actual bank balance at 30 December 2017 is £2,579.76.
- 2.7 Unfortunately, I have not yet been able to complete the reconciliation work but hope to do so shortly. However, as previously advised, I believe the errors to be historic accounting entries only and do not affect creditors in any way.
- 2.8 Creditors should note that this work will not bring any financial benefit to creditors, but is required on the case by statute.

### **Realisation of Assets**

- 2.9 The majority of realisations were achieved by Ian Holland, such as Book Debts of £9,670 and the Snoozebox shares of £89,099. However, as the funds were held in solicitors' client accounts, the reconciliation of their ledgers is the cause of the delay in finalising this liquidation. I refer you to 2.5 of this report.
- 2.10 Since my appointment, I have realised £3,713.18 in respect of two rates refunds.
- 2.11 The sum of £265,000 is shown as an asset on the receipts and payments account, in respect of Shareholders Funding. These funds were secured to enable litigation against a former director to proceed and were not available for the general body of creditors.
- 2.12 £1,176.32 has been received in respect of gross bank interest for the period of the liquidation.
- 2.13 It was anticipated at the outset that the work the Liquidator and his staff would undertake would 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 on realisations and the extent of any 3<sup>rd</sup> party security, result in a distribution to the preferential and/or unsecured creditors of the Company.
- 2.14 Ultimately however, there was no financial benefit to creditors as all litigation proceeds were absorbed by legal costs. Based on the above, I currently anticipate the total expenses that may be incurred in reconciling the solicitors' ledger to bring the liquidation to a close, will be £5,000.

### ***Creditors (claims and distributions)***

- 2.15 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. A Liquidator is 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.
- 2.16 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.
- 2.17 The above work will not necessarily bring any financial benefit to creditors generally, however a Liquidator is 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 Liquidator in dealing with those claims.

## MERCHANT INNS LIMITED - IN LIQUIDATION

### *Investigations*

- 2.18 As previously reported by Mr Holland, there were claims against third parties for misappropriation of company monies. I advised in my last progress report that the litigation had been settled by way of Consent Order. Regrettably, no monies were realised from the litigation, with the exception of the return of £50,000 security for costs paid into court by Wallace, the second charge holder. These funds were retained by solicitors and used to settle litigation costs.
- 2.19 I refer creditors to paragraph 2.14 of my progress report dated 28 February 2017, which details the order of payment of settlement monies.
- 2.20 The report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986 was submitted by Mr Holland in accordance with statutory timescales and is confidential.
- 2.21 You may recall from my first progress report to creditors that some of the work the Liquidator is 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 Liquidator can pursue for the benefit of creditors.
- 2.22 Since my last progress report I can advise that no further asset realisations have come to light that may be pursued by me for the benefit of creditors.

### *Matters still to be dealt with*

- 2.23 As stated in paragraphs 2.5 to 2.9, the only outstanding matter is the reconciliation of the solicitors' ledger. The solicitors retained the funds with Mr Holland's agreement.
- 2.24 In accordance with Statement of Insolvency Practice 13, I would advise you that no assets were sold to a director of the Company during the period covered by this report.

## **3 Creditors**

### *Secured Creditors*

- 3.1 Merchant Inns Limited ("MIL") was a wholly owned subsidiary of Merchant Inns Group Limited ("MIGL"). MIL had secured debts due to Coutts & Co ("Coutts") and Wallace Estates Limited at the date of administration, which according to the Director's Statement of Affairs totalled approximately £15.23m. Coutts also had a cross-guarantee in place for any debt between MIL and MIGL, for approximately £4.85m.
- 3.2 The Administrators completed the sale of the business and assets on 30 July 2010, from which Coutts were paid £8.88m from MIL and a further £5.72m from MIGL, resulting in payment in full in respect of their total indebtedness. There have been no further distributions to secured lenders.
- 3.3 Any funds available in MIL at the end of the liquidation will be returned to Wallace as the second charge holder. This includes any surplus amounts provided by Wallace in respect of the administration funding of over £200,000.

### *Preferential Creditors*

- 3.4 Preferential claims totalling £39,371 were agreed during the administration period. Preferential creditors have received a first and final dividend from the Administrators of 100p in £.



## MERCHANT INNS LIMITED - IN LIQUIDATION

### *Unsecured Creditors*

- 3.5 The Company granted a floating charge to Coutts & Company on 13 May 2008. Accordingly under the provisions of s176A of the Insolvency Act 1986, I was required to create a fund out of the Company's net floating charge property for unsecured creditors (known as the **Prescribed Part**)
- 3.6 The Joint Administrators' final report advised that they anticipated a distribution to unsecured creditors of the Prescribed Part in the region of £17,000. This was dependent upon debtor realisations in the liquidation. Most of the debtors were collected during the Administration and the debts falling to be realised by the Liquidator were contentious. As a result, total realisations in the liquidation amount to £9,670 and after liquidation expenses, the sum available for the Prescribed Part is £8,801.
- 3.7 The Statement of Affairs submitted by the directors in the Administration, estimated unsecured creditors to be in the region of £3.5m
- 3.8 No claims have been agreed to date and in view of the nominal sum available under the Prescribed Part, I do not consider it viable to commence this process as the costs of the exercise will outweigh the sum available. The sum in hand will be utilised for liquidation costs and there will be no funds available for unsecured creditors in this matter.

### **4 Liquidator's Remuneration**

- 4.1 The Creditors' approved that the basis of the Liquidator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Liquidation.
- 4.2 Mr Holland's time costs for the period from 13 April 2011 to 30 December 2014 are £73,105.75. This represents 323.05 hours at an average rate of £226.30 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by Mr Holland in managing the Liquidation.
- 4.3 Mr Holland has drawn £73,425.64 plus VAT on account of his costs.
- 4.4 I have not detailed Mr Holland's costs as I am not familiar with his time recording system.
- 4.5 Attached at Appendix D is additional information in relation to Holland & Co's policy on staffing, the use of subcontractors, disbursements and details of charge-out rates by staff grade.
- 4.6 My time costs for the Period are £4,786.66. This represents 19.25 hours at an average rate of £248.66 per hour. Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent by me in managing the liquidation. To date, no fees or disbursements have been drawn.
- 4.7 Also attached as Appendix C is a cumulative Time Analysis for the period from 31 December 2014 to 30 December 2017 which provides details of my time costs since my appointment. The cumulative time costs incurred to date are £20,523.30. This represents 81.92 hours at an average rate of £250.53 per hour.
- 4.8 In considering the remaining work to be done in this liquidation, I currently anticipate that my time costs to complete the liquidation will be approximately £5,000. I will update creditors on this in my next progress report.
- 4.9 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from [www.ks.co.uk/creditors-guides-fees/](http://www.ks.co.uk/creditors-guides-fees/)

## MERCHANT INNS LIMITED - IN LIQUIDATION

- 4.10 Attached as Appendix E is additional information in relation to Kingston Smith & Partners LLP fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers

### 5 Creditors' Rights

- 5.1 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 Liquidator provide further information about his remuneration or expenses which have been itemised in this progress report.
- 5.2 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 Liquidator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive.

### 6 Next Report

- 6.1 I am required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with my final account.

Yours faithfully



**Michaela Hall**  
Liquidator

## **APPENDIX A**

**Receipts and Payments Account from 31 December 2016 to 30 December 2017 and Cumulative  
from 13 April 2011 to 30 December 2017**

**Merchant Inns Limited**  
**(In Liquidation)**

**Liquidator's Summary of Receipts and Payments**

	Statement of affairs £	From 31/12/2016 To 30/12/2017 £	From 13/04/2011 To 30/12/2017 £
<b>RECEIPTS</b>			
Book Debts		0 00	9,670.00
Shares & Investments		0 00	89,099.00
Rates Refund		0 00	3,713.18
Shareholders Funding		0.00	265,000.00
Bank Interest Gross		0.00	1,176.32
Administration Surplus		0.00	326,439.85
Vat Control Account		0.00	120,569.82
		0.00	815,668.17
<b>PAYMENTS</b>			
Specific Bond		0.00	375.00
Special Managers Fees		0.00	6,952.06
Prov Liquidators Fees		0 00	66,473.58
Sundry Expenses		0 00	914.39
Agents/Valuers Fees (1)		0 00	30.00
Agents/Valuers Fees (2)		0 00	928.97
Legal Fees (1)		0.00	524,839.15
Corporation Tax		0.00	208.06
Storage Costs		2,296.20	15,276.69
Statutory Advertising		0 00	231.50
Bank Charges		0 00	25.00
DTI Unclaimed Dividends		0 00	326.94
Vat Receivable		459.28	121,209.95
		2,755.48	737,791.29
<b>BALANCE - 30 December 2017</b>		<b>(2,755.48)</b>	<b>77,876.88</b>
<b>MADE UP AS FOLLOWS</b>			
Bank 1 Metro		(2,755.48)	69,075.48
Metro Prescribed Parts		0.00	8,801.40
		(2,755.48)	77,876.88



Michaela Hall  
Liquidator

# Ian Holland + Co

## TIME & CHARGOUT SUMMARIES

Merchant Inns

From 13 Apr 2011 to 31 Jul 2013

### HOURS

Classification Of work function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Comm With Employee	0.20	0.00	0.50	0.00	0.70	170.00	242.86
Liasing Pay Bur, Emf, tel, let	0.00	0.00	1.50	0.00	1.50	285.00	190.00
Review Of EPA Claims	0.20	0.00	0.00	0.00	0.20	75.00	375.00
Employee	0.40	0.00	2.00	0.00	2.40	530.00	220.83
Admin	0.40	0.00	0.00	0.00	0.40	154.00	385.00
Administration Set Up	5.70	3.50	0.00	0.00	9.20	2,500.50	271.79
Banking	0.30	25.00	0.50	10.90	36.70	5,017.50	136.72
Billing	0.50	0.00	0.00	9.60	10.10	1,551.75	153.64
Comm Correspondence	0.00	0.00	1.50	2.00	3.50	675.00	192.86
Dividends	0.00	0.00	0.00	0.50	0.50	95.00	190.00
General Admin	0.00	0.00	32.80	11.30	44.10	8,099.00	183.65
Maintenance of Records	0.00	0.00	0.00	0.50	0.50	95.00	190.00
Periodic Case Review	0.00	0.00	0.00	1.00	1.00	140.00	140.00
Planning	1.30	0.00	0.00	0.00	1.30	474.50	365.00
Statutory Reporting	18.50	5.10	0.00	12.50	36.10	9,653.50	267.41
Tax - Admin & Planning	0.00	0.00	0.50	0.70	1.20	223.00	185.83
Vat Reporting	0.00	0.00	4.50	1.50	6.00	1,140.00	190.00
Administration & Planning	26.70	33.60	39.80	50.50	150.60	29,818.75	198.00
Antecedent Transactions	2.60	0.00	0.00	0.00	2.60	975.00	375.00
CDDA Reporting	0.80	0.00	6.50	0.00	7.30	1,535.00	210.27
Solicitors Advice/Corresp	49.30	0.00	0.00	0.00	49.30	17,501.00	354.99
Investigations	52.70	0.00	6.50	0.00	59.20	20,011.00	338.02

From 13 Apr 2011 to 31 Jul 2013

## HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Debtor Reconciliation	0 00	0 00	0 00	0 35	0 35	49 00	140 00
Realisation of Assets	0 00	0 00	0 00	0 35	0 35	49 00	140 00
Authorisation Of Expenditure	0 20	0 00	0 00	0 00	0 20	73 00	365 00
Trading	0 20	0 00	0 00	0 00	0 20	73 00	365 00
Comm. Correspondenc	0 00	0 00	0 00	0 25	0 25	35 00	140 00
Creditors Meeting	0 50	0 00	0 00	16 15	16 65	2,443 50	146 76
E-Mails To Creditors	0 00	0 00	1 00	0 00	1 00	180 00	180 00
Filing Of Correspondenc	0 00	1 50	0 00	0 00	1 50	125 00	83 33
Letters To Creditors	0 00	3 60	0 00	0 50	4 10	599 00	146 10
Reconciliation Of Cred Claims	0 60	0 00	0 00	0 00	0 60	219 00	365 00
Review Of Cred'ts Claims	0 00	1 50	0 00	0 00	1 50	180 00	120 00
Tele Con With Creditors	1 20	0 00	0 00	0 00	1 20	438 00	365 00
Creditors	2 30	6 60	1 00	16 90	26 80	4,219 50	157 44
Total Fees Claimed £	29,552 00	5,250 00	9,037 00	10,862 25		54,701 25	
Total Hours	82 30	40 20	49 30	67 75	239 55		
Average Rate	359 08	130 60	183 31	160 33			

## CATEGORY 2 DISBURSEMENTS

Type & Purpose	Amount £
03/06/2011 Envelope / Label 560 x 1p	5 60
03/06/2011 Envelope / Label 560 x 0 055	30 80
03/05/2012 Envelope / Label 546 x 1p	5 46
03/05/2012 Envelope / Label 546 x 0 055	30 03
30/05/2013 Envelope / Label 556 labels	5 56
30/05/2013 Envelope / Label 556 envelopes	30 58
03/06/2011 Photocopying 560 x 1 x 0 0225	12 60
03/05/2012 Photocopying 546 x 1 x 0 0225	12 30

### Merchant Inns

From 13 Apr 2011 to 31 Jul 2013

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
30/05/2013	Photocopying		Letters				12 51
03/05/2012	Postage Annual		546 x 1 x 0 0225				12 29
30/05/2013	Postage Annual		1st class uk postage - 551 x 47p				258 97
30/05/2013	Postage Annual		international post - 5 x 79p				3 95
05/06/2013	Postage Annual		Royal Mail underpaid surcharge for annual report s				4 64
03/06/2011	Postage Pre Appt		560 x 0 39p				218 40
13/06/2011	Search						2 00
06/08/2011	Search						1 00
01/09/2011	Search						1 00
14/10/2011	Search						1 00
11/11/2011	Search						1 00
13/01/2012	Search						3 00
13/01/2012	Search						1 00
10/02/2012	Search						1 00
11/05/2012	Search						2 00
11/05/2012	Search						1 00
28/06/2012	Search						2 00
19/03/2012	Tube/Taxis		Couner to take boxes to London				35 00
							694.69

Merchant Inns Limited  
(In Creditors Voluntary Liquidation)

Summary of Liquidator's Time Costs from 1 August 2013 to 30 December 2014

	Partner		Senior Administrator		Administrator		Assistant		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	78.00	-	-	-	-	-	-	-	78.00	#DIV/0!
Receipts & Payments	6	234.00	105	2,160.00	68	986.00	-	-	179	3,380.00	188.83
Assets	20	780.00	147	3,039.50	197	2,856.50	75	937.50	439	7,613.50	173.43
Liabilities	121	4,723.50	5	102.50	-	-	-	-	126	4,826.00	383.02
General Administration	3	118.50	-	-	-	-	-	-	3	118.50	395.00
Investigations	30	1,171.00	32	661.00	15	217.50	-	-	77	2,049.50	266.17
Case Specific	6	234.00	-	-	-	-	-	-	6	234.00	390.00
	-	-	5	105.00	-	-	-	-	5	105.00	210.00

Total

186    7,339.00    294    6,068.00    280    4,060.00    75    937.50    835    18,404.50

Average Hourly Rate (£)

394.57    206.39    145.00    125.00    220.41

All Units are 6 minutes



## **APPENDIX C**

**Kingston Smith & Partners LLP Time Analysis for the Year 31 December 2016 to 30 December 2017 and cumulatively from 31 December 2014 to 30 December 2017**

## Merchant Inns Limited

### Summary of Fees and Expenses

From 31/12/2016 to 30/12/2017

#### Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	0.08	4.25	2.67	7.00	2,048.74	292.68
Realisation of Assets	0.67	0.08		0.75	292.08	389.44
Creditors		1.67	9.83	11.50	2,445.84	212.68
Grand Total	0.75	6.00	12.50	19.25	4,786.66	

#### Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

#### Disbursements

##### Category 1 Disbursements

247.52

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

##### Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows:

Photocopies	69.45
Postage	245.39
	<b>314.84</b>

## Merchant Inns Limited

### Summary of Fees and Expenses

From 31/12/2014 to 30/12/2017

#### Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Other Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
<b>Administration &amp; Planning</b>	<b>1.00</b>	<b>27.25</b>	<b>11.25</b>		<b>39.50</b>	<b>11,334.96</b>	<b>286.96</b>
Cashiering - set-up, maintenance &	0.08	6.17			6.25	2,135.01	341.60
Planning/Investigation/Litigation	0.33				0.33	131.67	399.00
Statutory filing with Court, Companies	0.08	0.83	0.17		1.08	331.25	306.71
Strategy reviews/Checklists/Diary	0.50	7.58	1.33		9.42	3,017.07	320.28
Books & Records administration		0.83			0.83	282.50	340.36
Dealing with company/Debtor re		0.50			0.50	167.50	335.00
General Admin/Billing/Filing		6.25	8.25		14.50	3,374.56	232.73
Post Appointment VAT & CTax		4.42	1.50		5.92	1,672.07	282.44
Set-up Administration/IPS/Initial		0.67			0.67	223.33	333.33
<b>Realisation of Assets</b>	<b>1.67</b>	<b>1.67</b>	<b>0.17</b>		<b>3.50</b>	<b>1,249.16</b>	<b>356.90</b>
Cashiering - banking, realisations &	1.67		0.17		1.83	690.00	377.05
Freehold & Leasehold		0.50			0.50	167.50	335.00
Identification, securing, insuring &		0.25			0.25	84.58	338.32
Intangible Assets - Goodwill,		0.92			0.92	307.08	333.78
<b>Creditors</b>	<b>0.33</b>	<b>9.67</b>	<b>20.50</b>	<b>7.25</b>	<b>37.75</b>	<b>7,548.35</b>	<b>199.96</b>
Correspondence/Preparation of	0.33	7.33	8.92	7.25	23.83	5,099.18	213.98
Claims/Proofs		2.33	11.58		13.92	2,449.17	175.95
<b>Investigations</b>		<b>1.17</b>			<b>1.17</b>	<b>390.83</b>	<b>334.04</b>
Information capture/Initial		1.17			1.17	390.83	334.04
<b>Grand Total:</b>	<b>3.00</b>	<b>39.75</b>	<b>31.92</b>	<b>7.25</b>	<b>81.92</b>	<b>20,523.30</b>	

#### Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

#### Disbursements

##### Category 1 Disbursements

769.24

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

##### Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows:

Photocopies	1,522.65
Postage	758.90
	<b>2,281.55</b>

## **APPENDIX D**

**Ian Holland's Additional Information in relation to Liquidator's fees pursuant to Statement of Insolvency Practice No 9**

In addition, the officeholder will be entitled to a fee for the following services:

The fee for the officeholder's services will be payable to the officeholder who may be involved in working on the insolvent estate by applying the rates below:

Grade	Rate payable from 1 July 2014 £	Rate payable from 1 July 2013 £
Partner	295	290
Associate	280	275
Manager	250	245
Senior administrator	210	205
Administrator	145	140
Assistant	125	120
Junior	55	50

The above fee-out rates charged are reviewed on 1 July each year and are adjusted to take account of inflation and the firm's overheads.

Time is charged on a cost-plus basis and is recorded directly to the relevant cost centre and computerised time recording system and the name of the work involved on is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories:

Administration and Planning  
Investigations  
Realisation of assets  
Debtors  
Creditors  
Employee matters  
Trading

The officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

When the remuneration has been agreed, a cost-plus report will be provided to the creditors comprising a schedule of the costs of the officeholder provided to the creditors. The report will provide a breakdown of the remuneration payable and time costs incurred and will also enable the recipients to see the average rate of such costs.

Time is charged in 6 minute units

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

## Disbursements

When expenses are incurred in respect of the insolvent estate they will be reimbursed. Such expenses can be divided into two categories

### Category 1

This heading covers expenses where Ian Holland + Co have not a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include travel, postage, telephone, printing, advertising, couriers, travel (by public transport), courier, IT Companies, etc. In respect of goods, travel, etc. in respect of goods, travel, etc. In each case the amount reimbursed to the insolvent estate will be a reimbursement of the specific expense incurred.

### Category 2

This heading covers expenses incurred by Ian Holland + Co that are not attributed to the estate by a third party even though they may involve a payment element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement allocation being approved by creditors in advance.

Ian Holland + Co propose to recover the following Category 2 disbursements:

Mileage	50p per mile
Copying	2.25p per sheet
Stationery	5.5p per envelope
Labels	1p per label

Where applicable, disbursements will be subject VAT at the prevailing rate.

Ian Holland + Co

## Appendix E

### Additional Information in Relation to the Liquidator's Fees, Expenses & Disbursements

#### 1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case
- 1.2 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
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

#### 2 Professional Advisors

- 2.1 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
Marsh Limited (insurance)	Scale rate

- 2.2 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.

#### 3 Liquidator's Expenses & Disbursements

- 3.1 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:

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
<i>Specific penalty bond</i>	0	0	120.00	120.00
<i>Companies House fees</i>	0	0	3.00	3.00
<i>Storage – JG Collections</i>	0	0	60.32	60.32
<b>Category 2 disbursements</b>				
Photocopies	0	0	1,522.65	1,722.65
Postage	0	0	758.90	1,258.90

- 3.2 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.
- 3.3 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an

## MERCHANT INNS LIMITED - IN LIQUIDATION

independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidator's fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

### 4 Charge-Out Rates

- 4.1 Kingston Smith & Partners LLP's current charge-out rates effective from 1 May 2017 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

#### General Rates

	Per Hour £
Partner	420
Licensed Insolvency Practitioner	380
Senior Manager	355
Manager	330
Other Senior Professionals	
Supervisor/Assistant Manager	295
Senior Administrator	260
Administrator	200
Junior Administrator	160
Support Staff	
Experienced Cashier	280
Cashier	210
Support	130