

# **Notice of move from administration to dissolution**

# 2.35B

Name of Company

Alnwick Community Development Trust Limited

Company number

04148521

In the  
Newcastle upon Tyne High Court of Justice  
Chancery Division

(full name of court)

Court case number  
1240 of 2011

(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/We (a) Gordon Smythe Goldie  
Tait Walker  
Bulman House  
Regent Centre, Gosforth  
Newcastle upon Tyne  
NE3 3LS

Allan David Kelly  
Tait Walker, Bulman House  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

(b) Insert name and  
address of the  
registered office of  
company

having been appointed administrator(s) of (b) Alnwick Community Development Trust Limited  
Bulman House, Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

(c) Insert date of  
appointment

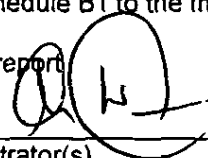
on (c) 21 September 2011 by (d) the company

(d) Insert name of  
appointor/applicant

hereby give notice that  
the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed

  
Joint / Administrator(s)

Dated

18 March 2013

## Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

Gordon Smythe Goldie  
Tait Walker  
Bulman House  
Regent Centre, Gosforth  
Newcastle upon Tyne  
NE3 3LS

DX Number

0191 285 0321  
DX Exchange

THURSDAY



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21/03/2013

#283

COMPANIES HOUSE

When you have completed and signed this form, please send it to the  
Registrar of Companies at -  
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

**FINAL PROGRESS REPORT**

18 March 2013

**Summary**

Company	Alnwick Community Development Trust Limited
Type of Insolvency	Administration
Administrators Appointed	Gordon Smythe Goldie and Allan David Kelly
Date of Appointment	21 September 2011
Registered Office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Trading Address	The Centre, 27 Fenkle Street, Alnwick, Northumberland, NE66 1HW
Principal Activity	Charitable Development Trust for Alnwick and surrounding areas

**Dividend Prospects**

	Current Estimate p in £	Previous Estimate p in £
Preferential	100	100
Unsecured	5 03	5

Please note that estimated outcomes are illustrative only and are dependent upon asset realisations and creditor claims, and should not be relied upon as guidance to the final outcome for creditors. You should seek your own guidance in respect of any bad debt provision.

**Administrator's Final Progress Report  
for the period from 24 January 2013 to 18 March 2013**

**Alnwick Community Development Trust Limited (“the  
Company”) – In Administration**

**Issued on: 18 March 2013**

**The affairs, business and property of the Company are being managed by Gordon Smythe Goldie and Allan David Kelly as Joint Administrators,  
who act as agents of the Company and without any personal liability**

# **Alnwick Community Development Trust Limited In Administration**

## **Contents**

- 1 Introduction
- 2 Statutory and Administrator's Information
- 3 General Update on Administration
- 4 Assets and Realisations
- 5 Expenses and Payments
- 6 Administrators Remuneration
- 7 Investigations and Reports on Directors
- 8 Dividend Prospects and Prescribed Part
- 9 Conclusion

- Appendix A - Joint Administrators' receipts and payments account
- Appendix B - A summary of the time expended on the Administration for the period from 24 January 2013 to 18 March 2013 and the total time expended on the Administration
- Appendix C - Tait Walker – Statement on Remuneration and Expenses

## 1. INTRODUCTION

We, Gordon Smythe Goldie and Allan David Kelly, of Tait Walker Advisory Services LLP were appointed Joint Administrators of Alnwick Community Development Trust Limited on 21 September 2011

We are both partners in Tait Walker Advisory Services LLP ("Tait Walker") and licensed to act as insolvency practitioners by The Institute of Chartered Accountants in England & Wales

We confirm that no material conflict or relationship existed or exists which would have prejudiced us in taking this appointment and no subsequent ethical issues have arisen to date which would impact on our duties as office holders

In accordance with statutory requirements, we provide our final progress report on the administration for the period from 24 January 2013 to 18 March 2013

We enclose at Appendix A our receipts and payments account from 21 September 2011 to 18 March 2013, at Appendix B a summary of our time costs, and at Appendix C Tait Walker Advisory Services LLP – Statement on Remuneration and Expenses.

This report has been prepared for the purposes of complying with our statutory duties as Joint Administrators under the Insolvency Act and Rules, as amended. It should not be relied upon by any person for any other purpose and in any other context, and any person doing so does at their own risk

Any estimated outcomes or dividend prospect for creditors incorporated within this report are illustrative and subject to change depending on the ultimate proceeds of realisation, costs of the administration, and levels of creditor claims. As such, such estimates or dividend prospects cannot be relied upon as guidance as to the actual outcome

## 2. STATUTORY AND ADMINISTRATOR'S INFORMATION

### Company Information

Company Name	Alnwick Community Development Trust Limited
Registered Number	04148521
Previous Name	Alnwick Peoples Trust Limited
Trading Name	Alnwick Community Development Trust
Nature of Business	Charitable Development Trust for Alnwick and surrounding areas
Registered Office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne
Former Trading Address	The Centre, Fenkle Street, Alnwick, Northumberland, NE66 1HW

## **Administrators Information**

Names of Joint Administrators	Gordon Smythe Goldie Licensed Insolvency Practitioner (number 5799) Allan David Kelly Licensed Insolvency Practitioner (number 9156)
Authorising Body	The Institute of Chartered Accountants in England & Wales
Joint Administrators' Address	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS
Date of administrator's appointment	21 September 2011
Court	Newcastle upon Tyne High Court of Justice Chancery Division - 1240 of 2011
Person making appointment	Directors (Trustees)
Acts of the Joint Administrators	The Joint Administrators act as officers of the court and as agents of the Company without personal liability  The Administrators will act jointly and severally. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time
EC Regulation on Insolvency	It is considered that the EC Regulation applies and that these are main proceedings as defined in Article 3 of the EC Regulation. The company is registered in the UK (England and Wales), trades within the UK and the majority of its assets and creditors are entirely within the UK.
Changes in office holders	None
Basis of Remuneration	By reference to time properly spent by us and our staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken Approved by the creditors on 26 October 2011
Extension of Administration	Administration extended by the court to 21 March 2013

## **3. GENERAL UPDATE ON ADMINISTRATION**

This update relates to the period from 24 January 2013 to 18 March 2013 only. It should be read in conjunction with our proposals and previous reports, as applicable. Copies of these and of our proposals are available upon request from Tait Walker.

All assets have been realised and the proceeds received.

Preferential creditors have been paid in full and the unsecured creditors have received a first and final dividend of 5.03p in the pound.

Our statutory duties are complete and we are now moving the Administration to dissolution.

### **Professional Advisers**

The following professional advisers have been used to assist us in discharging our duties during the Administration

<u><i>Name of Professional Advisor</i></u>	<u><i>Nature of Work</i></u>	<u><i>Basis of Fee Agreement</i></u>
James Sutherland (Auctioneers) Limited	Plant Valuer	Fixed fee valuation
Storeys Edward Symmons	Property Valuer / Sale	Fixed fee valuation and percentage of realisations
Muckle LLP	Legal Advice / Sale of Assets	Time cost subject to asset realisations

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.

## **4. ASSETS AND REALISATIONS**

Our comments on the assets and realisations occurring during the Administration are provided below

### **Freehold / Leasehold Property**

The freehold properties were marketed by Storeys Edward Symmons, Independent Chartered Surveyors. Following discussions with the chargeholders, offers of £432,500 for the youth hostel and £217,500 for all three flats were accepted and the proceeds received

### **Office Equipment**

The office equipment was valued at £2,840 by James Sutherland (Auctioneers) Limited on a forced sale basis. A significant amount of this equipment was held in storage upon which there were unpaid storage charges. Our agents advised that the costs of removal and sale may exceed any realisable value. A number of items however were sold to individuals who came and collected the items. In total we realised £658.33.

### **Book Debts**

On appointment, the Company's ledger indicated gross book debts of £6,605. After provisions for bad and doubtful debts it was estimated that approximately £5,000 would be realisable.

We have collected £2,589.76 to date. We do not expect any further realisations

### **VAT Refund / Cash at Bank**

We received a VAT refund of £92,494.79 and £28,533.68 upon closure of the Trusts bank account

### **Rental Income**

We have collected £4,440.31 in rents due from the tenants of the flats prior to sale

## **Other Items**

Sundry receipts include a legal refund of £15, insurance refund of £187 01; and cash in hand of £98 71

## **Assets Still to be Realised**

Other than the assets outlined above, no assets remain unrealised or have proven to be unrealisable

## **5. PAYMENTS AND EXPENSES**

Our comments on the payments and expenses incurred during the period of the Administration

### **Pre Appointment Remuneration & Expenses and Administrators Remuneration**

Further details on remuneration and expenses are provided in Section 6.

**External Room Hire / Administrators Bond / Postage / Money Laundering Charges / Statutory Advertising / Property Maintenance Costs / Company Search Fees / Land Registry Charges / Storage Costs / Insurance of Assets / Sheriffs Costs / Swearing Fee**

The expenses listed above are all category 1 expenses (approval not required) and relate to third party recharges required to administer the case. Further details on the expenses recharge policy of Tait Walker is detailed in Appendix C - Tait Walker – Statement on Remuneration and Expenses

### **Travel & Subsistence**

Mileage is a category 2 expense and we received approval for this at the meeting of creditors held on 26 October 2011.

### **Legal Fees & Disbursements**

We have incurred legal fees of £31,490 (paid £31,490) to Muckle LLP in respect of the sale of the properties, retention of title queries, extension application, application to pay an unsecured dividend and general legal issues concerning the administration.

Legal disbursements of £1,055 60 (paid £1,055.60) were also incurred over the period of the Administration

### **Plant Valuers Fees**

We have incurred plant valuers fees of £700 (paid £700) to James Sutherland (Auctioneers) Limited in respect of the valuation of the office equipment

### **Property Valuers Fees**

We instructed Storeys Edward Symmons to value and market the properties. We have incurred a total of £11,450 (paid £11,450).



## **Insurance**

Upon our appointment, we obtained insurance cover over the assets of the Company, and general insurances required by law. All assets have now been realised and the insurance cover has been ceased. No further amounts are anticipated to be paid.

## **Charge Holders**

A total of £596,859.22 has been paid to the chargeholders. Further details are provided in Section 8.

## **Preferential Dividend**

A first and final preferential dividend of 100p in the £ was paid on 29 February 2012. Further details are provided in Section 8.

## **Unsecured Dividend**

A first and final unsecured dividend of 5.03p in the £ was paid on 14 January 2013. Further details are provided in Section 8.

## **6. REMUNERATION AND EXPENSES**

Our remuneration was approved on a time charged basis for both pre and post appointment time spent following the approval of our proposals at a meeting of creditors held on 26 October 2011. Approval was also provided for expenses incurred.

Information concerning Administrators Remuneration is detailed in Statement of Insolvency Practice 9 - A Guide to Administrators Fees. This can be downloaded from <http://insolvency.taitwalker.co.uk/fee-guidance> or upon request from Tait Walker Advisory Services LLP, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS (email [recovery@taitwalker.co.uk](mailto:recovery@taitwalker.co.uk)).

A copy of Tait Walker – Statement on Remuneration and Expenses is attached at Appendix C which provides further information on the charge out rates and expenses recovery policy of Tait Walker, and outlines general tasks undertaken by the Administrators.

### **Pre Appointment Remuneration and Expenses**

In the period prior to our appointment as Administrators on 21 September 2011, we spent 37 hours 36 minutes at a cost of £8,096.20 (an average hourly rate of £215.32). We have also incurred expenses totalling £59.

No professional advisors were instructed in the period prior to the administration.

### **Administrators Remuneration and Expenses**

Our time charged for the period covered by this report (from 24 January 2013 to 18 March 2013) is 10 hours 30 minutes at a cost of £1,375, an average hourly rate of £130.95. We have invoiced £nil and drawn £nil over this period. A detailed breakdown is attached at Appendix B.

The total time spent to 18 March 2013 on the Administration amounts to 463 hours 18 minutes resulting in time costs of £90,810.90, an average hourly rate of £196. We have invoiced £74,590.40.

and drawn £73,178 13 over this period. We are currently awaiting a final VAT reclaim of £1,412 27 which will settle the outstanding balance of remuneration. This will be received following the end of the Administration as detailed in the receipts and payments account at Appendix A.

Given the current and anticipated future realisations, it is likely that at present some £16,220 50 of our costs will be irrecoverable together with future time expended on the Administration to closure.

Details of expenses incurred and charged are shown in section 5.

### **Further Information on Remuneration and Expenses**

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the administrator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

## **7. INVESTIGATIONS AND REPORTS ON DIRECTORS**

### **Investigations**

Our investigations have not raised any items which we consider require further investigations.

### **Reports on Directors**

We have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. We are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf.

As required under The Company Directors Disqualification Act 1986 we can confirm that we have submitted our return therein. The contents of this return are privileged and we are unable to disclose any further details.

## **8. CREDITORS AND DIVIDEND PROSPECTS**

### **Secured Creditors**

The assets of the Company were subject to a debenture dated 13 January 2009 in favour of Lloyds TSB Bank Plc ("Lloyds"). This debenture gave fixed and floating charges to Lloyds over the assets of the company. Lloyds also had a first legal charge over the properties in Clive Gardens.

Lloyds received a first and final distribution of £116,859 following the sale of the three properties at Clive Gardens which repaid them in full.

Northumberland Estates Limited ("NEL") also held a second legal charge over the properties in Clive

Gardens The charge was created on 11 November 2010 They received a first and final distribution of £100,000 in respect of their charge following the sale of the properties at Clive Gardens.

Triodos Bank NV ("TBNV") held a legal mortgage created 11 November 2010 secured on the Youth Hostel at 34-38 Green Batt, Alnwick The mortgage balance outstanding at the date of appointment was £400,000

TBNV also provided an overdraft facility and the balance stood at £99,777 on the date of our appointment This facility is also secured by the legal mortgage but is subject to a deed of priority whereby Northumberland County Council ("NCC") ranks in priority to Triodos

TBNV received a first and final distribution of £380,000 under their fixed charge, following the sale of the Youth Hostel, having agreed a reduction to allow the payment of the retention of title settlement, as detailed in section 4

NCC has a second legal charge on the property in Green Batt However following the sale of the Youth Hostel there were insufficient funds to make any repayments to NCC and so there are insufficient funds to pay any further funds to TBNV under their legal mortgage.

The validity of all charges listed above have been agreed by our solicitors

### **Preferential Creditors**

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

Three preferential claims have been received to date totaling £10,523 95 A dividend of 100p in the £ was paid on 29 February 2012

### **Unsecured creditors**

Twenty unsecured claims were received and agreed totalling £278,899 63. A first and final dividend of 5 03p in the £ was paid on 14 January 2013

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

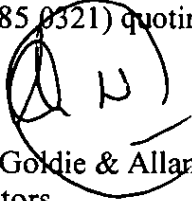
- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum of £600,000.

The Company gave a fixed and floating charge to Lloyds TSB Bank plc on 13 January 2009 Lloyds have been repaid in full from the fixed charge realisations As a result we do not have to pay anything under their floating charge, so the prescribed part provisions do not apply

## 9. CONCLUSION

We consider that the objective of the administration has now been achieved, in accordance with the proposals give Notice of Move from Administration to Dissolution on Form 2 35B

Should you require any additional information, please contact Kerry Pearson or Allan D Kelly at Tait Walker Advisory Services LLP, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS (tel 0191 285 0321) quoting reference 11131



Gordon Smythe Goldie & Allan David Kelly  
Joint Administrators

Licensed as Insolvency Practitioners in the United Kingdom by The Institute of Chartered Accountants in England & Wales

Date 18 March 2013

**Alnwick Community Development Trust Limited (In Administration)**  
**Receipts & Payments Account to 18 March 2013 - Floating Charge Account**

**APPENDIX A**

Statement of Affairs		Realised in Prior Periods	Realised in Current Period	Total
		21/09/2011 to 23/01/2013	24/01/2013 to 18/03/2013	21/09/2011 to 18/03/2013
		£	£	£
	<b>RECEIPTS</b>			
2,840	Office Equipment	658 33	0 00	658 33
92,495	VAT Refund	92,494 79	0 00	92,494 79
28,135	Cash at Bank	28,533 68	0 00	28,533 68
5,000	Book Debts	2,589 76	0 00	2,589 76
	Rental Income/Arrears	4,640 31	0 00	4,640 31
	Insurance Refund	187 01	0 00	187 01
	Legal Refund	15 00	0 00	15 00
	Cash in Hand/Petty Cash	98 71	0 00	98 71
		<b>129,217.59</b>	<b>0.00</b>	<b>129,217.59</b>
		<b>Paid in Prior Periods</b>	<b>Paid in Current Period</b>	<b>Total</b>
		21/09/2011 to 23/01/2013	24/01/2013 to 18/03/2013	21/09/2011 to 18/03/2013
		£	£	£
	<b>PAYMENTS</b>			
	Pre Appointment Remuneration	7,345 60	0 00	7,345 60
	Swearing/Court Fee	55 00	0 00	55 00
	Specific Bond	336 00	0 00	336 00
	Property Maintenance	93 00	0 00	93 00
	Office Holder Remuneration	64,977 35	0 00	64,977 35
	External Room Hire	100 00	0 00	100 00
	Travel & Subsistence	325 10	0 00	325 10
	Legal Fees	23,850 00	0 00	23,850 00
	Legal Disbursements	1,055 60	0 00	1,055 60
	Sheriff / Bailiffs Costs	85 00	0 00	85 00
	Plant Valuers Fees	700 00	0 00	700 00
	Money Laundering / Company Search Fees	14 00	0 00	14 00
	Postage Costs	150 87	0 00	150 87
	Land Registry Fee	4 00	0 00	4 00
	Property Valuers Fees	2,450 00	0 00	2,450 00
	Storage Costs	30 83	0 00	30 83
	Statutory Advertising	229 50	0 00	229 50
	Insurance of Assets	1,441 94	0 00	1,441 94
	Pref Dividend 100p in £ 29/02/2012	10,523 95	0 00	10,523 95
	Unsecured Dividend 5 03p in £ 14/01/2013	14,037 58	0 00	14,037 58
		<b>127,805.32</b>	<b>0.00</b>	<b>127,805.32</b>
	<b>Balances in Hand</b>	<b>1,412.27</b>	<b>0.00</b>	<b>1,412.27</b>
	Represented by			
	VAT	1,412 27	0 00	1,412 27
	Cash at Bank	0 00	0 00	0 00
	<b>Total</b>	<b>1,412.27</b>	<b>0.00</b>	<b>1,412.27</b>
	<b>Future Receipts</b>			
	VAT Reclaim			1,412 27
	<b>Future Payments</b>			
	Administrators Remuneration			1,412 27
				<b>0.00</b>

**Alnwick Community Development Trust Limited (In Administration)**  
**Receipts & Payments Account to 18 March 2013 - Fixed Charge Account**

**APPENDIX A**

Statement of Affairs		Realised in Prior Periods			Realised in Current Period			Total		
		21/09/2011 to 23/01/2013			24/01/2013 to 18/03/2013			21/09/2011 to 18/03/2013		
		£			£			£		
<b>RECEIPTS</b>										
500,000	Freehold Property 34-38 Green Batt	432,500	00	0	00	432,500	00			
255,000	Freehold Property Clive Gardens	217,500	00	0	00	217,500	00			
		650,000.00		0.00		650,000.00				
		Paid in Prior Periods			Paid in Current Period			Total		
		21/09/2011 to 23/01/2013			24/01/2013 to 18/03/132013			21/09/2011 to 18/03/2013		
		£			£			£		
Legal Fees		7,640	00	0	00	7,640	00			
Ground Rents		300	00	0	00	300	00			
Retention of Title		20,000	00	0	00	20,000	00			
Party Wall Award		8,000	00	0	00	8,000	00			
Triodos Bank NV		380,000	00	0	00	380,000	00			
Lloyds TSB Bank Plc		116,859	22	0	00	116,859	22			
Northumberland Estates		100,000	00	0	00	100,000	00			
Property Valuers Fees		9,000	00	0	00	9,000	00			
Administrators Remuneration		8,200	78	0	00	8,200	78			
		650,000.00		0.00		650,000.00				
<b>Balances in Hand</b>		0.00		0.00		0.00				
Represented by										
Cash at Bank		0.00		0	00	0	00			
VAT		0.00		0	00	0	00			
<b>Total</b>		0.00		0.00		0.00				

Detailed below is the time expended on the Administration for the report period -

**TIME SPENT AND VALUE FOR THE PERIOD FROM 24 JANUARY 2013 TO 5 MARCH 2013 -**

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units)

Classification of Work Function	Hours					Total Hours	Time Cost £	Average Hourly Rate
	Partner	Associate	Manager	Other Assistants & Professionals	Admin & Support Staff			
Admin & Planning	0 00	0 00	0 50	0 80	2 00	3 30	391 40	118 61
Creditors	0 00	0 00	0 00	0 30	1 50	1 80	185 40	103 00
Other Matters	0 00	0 00	0 00	3 20	0 00	3 20	409 60	128 00
Statutory Matters	0 00	0 00	1 00	1 20	0 00	2 20	388 60	176 64
<b>Total</b>	<b>0 00</b>	<b>0 00</b>	<b>1 50</b>	<b>5 50</b>	<b>3 50</b>	<b>10 50</b>	<b>1,375 00</b>	

Detailed below is the total time expended on the Administration:-

**TOTAL TIME SPENT ON THE ADMINISTRATION -**

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units)

Classification of Work Function	Hours					Total Hours	Time Cost £	Average Hourly Rate
	Partner	Associate	Manager	Other Assistants & Professionals	Admin & Support Staff			
Admin & Planning	4 30	4 00	12 70	64 20	34 20	119 40	16,212 00	135 78
Correspondence	0 00	2 30	0 50	0 80	0 00	3 60	817 90	227 19
Creditors	5 00	9 10	6 80	31 90	8 10	60 90	10,241 00	168 16
Debtors	0 00	0 70	0 00	4 00	0 00	4 70	694 00	147 66
Employees	0 80	0 00	0 30	11 80	0 00	12 90	1,790 20	138 78
Investigations	0 00	5 20	0 00	2 00	0 00	7 20	1,608 00	223 33
Other Matters	12 60	20 50	0 00	4 30	0 00	37 40	9,370 40	250 55
Realisation of Assets	43 20	71 10	0 00	14 70	0 00	129 00	32,463 60	251 66
Statutory Matters	11 60	20 50	5 00	37 50	0 00	74 60	14,553 00	195 08
Retention of Title	0 00	10 00	0 00	3 60	0 00	13 60	3,060 80	225 06
<b>Total</b>	<b>77 50</b>	<b>143 40</b>	<b>25 30</b>	<b>174 80</b>	<b>42 30</b>	<b>463 30</b>	<b>90,810 90</b>	

A copy of Statement of Insolvency Practice 9 - A Guide to Administrators Fees can be downloaded from <http://insolvency.taitwalker.co.uk/fee-guidance> or provided upon written request from this office

A copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details the charging and expenses recovery policy of Tait Walker, and also details the matters typically dealt with in the categories above can also be obtained.

## TAIT WALKER CORPORATE RECOVERY - STATEMENT ON REMUNERATION AND EXPENSES IN INSOLVENCY PROCEEDINGS

### INTRODUCTION

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court.

Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9). A copy of these guides can be accessed and downloaded from <http://insolvency.taitwalker.co.uk/fee-guidance>. Alternatively a hard copy may be requested from Tait Walker Corporate Recovery (A division of Tait Walker Advisory Services LLP), Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS or [recovery@taitwalker.co.uk](mailto:recovery@taitwalker.co.uk).

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under the old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

### POLICY

In order to maximise the cost effectiveness of the work performed it is Tait Walker Corporate Recovery's normal policy to delegate certain tasks within the case to members of their staff subject to their experience and specialist skills with the provision of supervision as appropriate. Matters deemed to be complex or of significance will be dealt with by senior members of staff or the license holder.

#### Time Cost Basis

This is the basis that we use in the majority of cases and we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken. All staff who work on this assignment, including case support (such as cashiers and secretarial staff etc) charge time directly to the assignment and are included within any analysis of time. The costs of any central Tait Walker administration or general Tait Walker overhead costs are not charged directly to the assignment but are reflected in the general level of charge out rates.

The rates vary between individuals of each grade reflecting experience and qualification. Charge out rates may be revised periodically to cover and are adjusted to take account of inflation and the firm's overheads. In cases deemed to be particularly complex revised rates will be presented to creditors. The maximum current charge out rates per grade are currently:

<u>Grade</u>	<u>Rate (£) per hour</u> <u>(effective from 1 June 11)</u>	<u>Rate (£) per hour</u> <u>(Previous rate (£) from 1 April 09)</u>
Partner	280	280
Associate / Director	260	250
Manager	240	240
Case Handler / Administrator	156	150
Case support staff	98	96

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. Each unit of time is 6 minutes. The work is recorded under the following categories including Administration and Planning, Investigations, Realisation of assets, Debtors, Creditors, Employee matters, and Trading.



## Percentage Basis

The new legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

## Fixed Fee Basis

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

## All Bases

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

## AGENT'S COSTS

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes

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

## DISBURSEMENTS

As part of our disclosure requirements the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses - are directly referable to an invoice from a third party, which is either in the name of the estate or Tait Walker Advisory Services LLP (or a partner / employee of the same), in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. These expenses may include, but are not limited to: case advertising, money laundering fees, company search fees, specific penalty bond, identifiable telephone calls, postage at cost, external document storage, external room hire, external printing, invoiced travel, and properly reimbursed expenses incurred by Tait Walker and its employees in connection with the case. Obtaining a specific penalty bond and advertising are disbursements that are required in each case as a result of statutory obligations imposed on the Insolvency Practitioner.

Category 2 expenses - are incurred by Tait Walker Advisory Services LLP and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, mileage at approved Inland Revenue scale rates, and internal storage. With the exception of photocopying, Tait Walker Advisory Services LLP do not typically recharge expenses and disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc. Tait Walker may recharge photocopying at up to 3p per sheet.

## TYPICAL TASKS UNDERTAKEN

Matters typically dealt with in the respective time breakdown categories during an insolvency procedure may include, but are not limited to, the following. It should be noted that every insolvency case is different, and certain items may not be applicable to this case.

### Administration & Planning

Cash strategy and planning, cashing, banking, bank reconciliations, obtaining specific bond and ongoing bond maintenance, any general insurance, uplift and ongoing maintenance of company books and records, filing, internal case progression reviews, case updates, and internal case meetings.

### Correspondence

All general correspondence excluding specific correspondence relating to other categories.

### Investigations

Collation and review of directors questionnaires, review of any matters raised by the creditors concerning the conduct of the directors, review of all recent bank transactions undertaken by the company, review of any transactions between the company and associated parties, review of the assets listed in the statement of affairs with the last available statutory accounts, collation of information and submission of a report on all directors in the 3 years prior to liquidation under the Company Directors Disqualification Act 1986.

Additional investigations may also be undertaken in specific items at the request of the creditors committee (if any), and antecedent transactions including preferences, transaction at undervalue, misfeasance, breach of fiduciary duties etc.

### Debtors

Transfer of debtors ledger onto our software, reconciliation of debtors ledger and identification of any refunds, claims, collection of supporting evidence including invoices, proof of delivery, orders etc, corresponding with debtors to collect debts, review and assessment of any responses and/or counterclaims / disputes, general contact with debtors, instruction, liaison and correspondence with solicitors or debt collection agents, liaison with any invoice discounter or factor, and negotiation of any settlement

## Realisation of Assets

All other assets excluding debtors including property (freehold and leasehold), intangible assets (intellectual property, patents, goodwill, copyrights etc) and chattel assets (e.g. furniture & equipment, stock, cash at bank, plant & machinery, work in progress, vehicles, computer equipment etc). Our work includes the preservation of such assets (arranging insurance, security etc), site visits, complying with fire brigade and insurer requirements (e.g. draining of heating system), arranging collection, preparation of sales particulars, liaising with valuers and agents, assessing and negotiating potential offers, and instructing and liaising with solicitors and reviewing any sale contract.

## Reservation of Title

Dealing with all third party assets (including reservation of title, hire purchase, consignment stock, leased assets etc). Our work includes identification of third party assets, reviewing any agreement associated with the assets, corresponding with the claimant, stock taking, arranging and managing uplift of the assets, surrender or disclaiming onerous leases / assets, submission of returns to Registrar of Companies and third parties following disclaimer, and, instructing and liaising with solicitors re challenged claims

## Statutory Matters

Undertaking and dealing with statutory matters required to comply with the various legislation concerning an insolvency including preparation and holding of creditors meeting, preparation of report/letters to creditors following appointment, submission of returns to Registrar of Companies and/or Court, preparation of adverts for insert in Gazette / newspaper, preparation of proposals, preparation of progress reports for creditors including receipts and payments, preparation of final reports including receipts and payments, together with the holding of final meetings, preparation of reports and updates for the Creditors Committee, together with any meetings required therein

## Creditors

Dealing with all classes of creditors

Secured, confirming validity of security, reporting to secured creditor, ongoing communication with secured creditor, review of any claim and distribution thereunder, and instructing and dealing with solicitors

Preferential, identifying and notifying potential preferential creditors of ability to claim, review of calculation of preferential claim, ongoing communication with preferential creditors, review and adjudication of preferential claims, and, calculation and payment of dividend (if applicable)

Unsecured, identifying and notifying unsecured creditors of ability to claim, submission of pre appointment VAT returns, ongoing communication with unsecured and potential unsecured creditors, dealing with potential pension creditor, recording of unsecured claims, review and adjudication of unsecured claims, and, calculation and payment of unsecured dividend (if applicable)

## Employees

Notifying of appointment, issuing redundancy notices, and making employees redundant, assistance in completion of relevant forms to make claim from National Insurance Fund, calculation of outstanding entitlement, collation of claim forms and submission to National Insurance Fund, and ongoing employee correspondence

## Trading

Assessment of suitability to trade including preparation of profit and cash flow forecasts, company resources, risk analysis etc, assessing ongoing terms of trade with customers and suppliers, ongoing site presence to monitor and supervise trading, dealing with employees, customers and suppliers, internal reviews to assess ongoing trading, dealing with duress creditors, dealing with health & safety and legislative issues, liaising with insurers, instructing and liaising with solicitors, preparation of trading reports, reporting to funders / secured creditors, and dealing with trading compliance such as VAT, PAYE etc

## Other Matters

Items which would not normally fall into any of the above categories including travel, taxation (including processing of any post appointment returns to HMRC in respect of VAT, Corporation Tax etc), director correspondence (to the extent it is not within the other categories), general government returns, and miscellaneous items