

The Insolvency Act 1986

# Notice of move from administration to dissolution

Name of Company <b>Propeller (GB) Limited</b>	Company number <b>04281103</b>
In the <b>High Court of Justice Newcastle Upon Tyne District Registry</b> {full name of court]	Court case number <b>130 of 2014</b>

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

I/We (a) Ian Christopher Schofield and Francis Graham Newton of BDO LLP, 1  
Bridgewater Place, Water Lane, Leeds, LS11 5RU

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

having been appointed administrator(s) of (b) Propeller (GB) Limited, 1  
Bridgewater Place, Water Lane, Leeds, LS11 5RU

(c) Insert date of  
appointment

On (c) 10 February 2014 by (d) Centric SPV1 Limited

(d) Insert name of applicant /  
appointor

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

I/We attach a copy of the final progress report.

Signed

*F. Schofield*  
Joint/Administrator(s)

Dated

5 August 2015

## 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

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU	
Our Ref 0001/PJ/Document3/C15	Tel 0113 244 3839
DX Number	DX Exchange

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

FRIDAY



A10 07/08/2015 #201  
COMPANIES HOUSE

**TO ALL KNOWN CREDITORS AND MEMBERS**

**5 August 2015**

**Private and Confidential**

Our Ref 239457/ICS/AMR/C

Please ask for Andrew Rudge  
Tel 0113 290 6127  
Email [Andrew.rudge@bdo.co.uk](mailto:Andrew.rudge@bdo.co.uk)

Dear Sirs

**Propeller (GB) Limited ("GB")  
In Administration ("the Company")  
Joint Administrators Final Progress Report in accordance with Rule 2.110(2) of the Insolvency  
Rules 1986**

**1. Introduction**

- 1.1 In order to comply with Rule 2.47 and 2.110(2) of the Insolvency Rules 1986, I report on the final progress of the above administration for the period 3 February 2015 to 2 August 2015
- 1.2 Please note that we do not intend to report in detail on matters previously disclosed. This report should therefore be read in conjunction with the Joint Administrators' previous progress report dated 4 February 2015.
- 1.3 I C Schofield is authorised to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales in the UK and F G Newton is authorised to act as an Insolvency Practitioner by the Insolvency Practitioners Association in the UK
- 1.4 For the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by all of them, jointly or severally
- 1.5 Statutory details for the Company are attached at Appendix 1 to this report

**2 Purpose of administration**

- 2.1 Pursuant to Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators are required to perform their functions with the objective of
- a) Rescuing the company as a going concern, or
  - b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
  - c) Realising property in order to make a distribution to one or more secured or preferential creditors
- 2.2 The Joint Administrators are of the opinion that objective (c) has been achieved
- 3 Assets and liabilities**
- 3.1 A copy of the Joint Administrators receipts and payments account for the Company as at 2 August 2015 is attached at Appendix 2.



- 3 2 Further comments as regards the assets and liabilities are detailed below.

#### **Trade debtors**

- 3 3 The position as regards debtor recoveries from the date of appointment is summarised as follows

	Actual £
Sales Ledger (opening balance)	1,066,860
Less Adjustments	(34,871)
Less Provisions	(267,659)
	<u>764,330</u>
Less cash received	(764,330)
Remaining balance to collect	<u>0</u>

- 3 4 As noted above, debts of £764,330 have been collected following our appointment. These funds have been paid directly to Centric Commercial Finance under the terms of their security and are not therefore shown in the Joint Administrators receipts and payments account. No further recoveries are expected.

#### **Fixtures and Fittings**

- 3 5 Fixtures and fittings owned by the Company have been realised by our agents, GoIndustry Dovebid, for £800.

#### **Stock**

- 3.6 Realisations from the sale of the Company's stock total £62,740. No further recoveries are anticipated.
- 3.7 As previously advised, certain stock with a book value of some £14,000 went missing while being stored in a third party warehouse. The circumstances surrounding the disappearance of this stock have not been fully resolved by our agents. However, in order to bring this matter to a close and prevent any further requirement to extend the Administration of the Company, the Joint Administrators negotiated a reduction in GoIndustry Dovebid's fees equivalent to the estimated realisable value of the missing stock.

#### **Intellectual Property**

- 3 8 You may recall that on 1 July 2013, Intellectual Property ("IP") in the name of Propeller Holdings Limited (formerly in Administration) and the Company was transferred to Tbox Technologies Limited ("Tbox") (formerly One MRO Limited).
- 3 9 Due to the estimated nominal value of the IP, the Joint Administrators concluded that it was not cost effective to continue to pursue Tbox further.

#### **Directors Loan Account**

- 3.10 As previously referred, the Joint Administrators determined that it was not cost effective to pursue this relatively low value potential asset (£5,175) further.

## **Secured creditors**

### ***Centric***

- 3 11 As noted above, Centric have received funds of £764,330 against their lending to the Company. No further debtor realisations are expected. After taking into consideration interest and termination charges, Centric have suffered a shortfall in the region of £8,000.

### ***Finance Wales Capital ("FW")***

- 3 12 FW is owed in excess of £1,000,000. Its security ranks behind that of Centric and there will therefore be no funds available to FW in respect of its investment in the Company.

## **Preferential and unsecured creditors**

- 3.13 There is no prospect of a distribution to either the preferential or unsecured creditors of the Company.

## **4 Professional costs**

### **Pre-Administration Costs**

- 4 1 Approval has been given by Centric and FW to draw £5,000 in respect of pre-appointment time costs incurred. There are however no funds available to pay these costs.

### **Debtor Realisation Costs**

- 4.2 Fees of £15,000 have been approved by Centric in respect of work completed by the BDO Receivables Management Team with regards to the debt collection exercise. These fees have been paid directly to BDO by Centric and do not therefore appear on the enclosed receipts and payments account.

### **Joint Administrators remuneration**

- 4.3 The basis for fixing the Joint Administrators remuneration is set out in Rule 2.106(2) of the Insolvency Rules 1986 (as amended), which states that it shall be fixed by either
- A percentage of the value of the property with which the Joint Administrators has to deal, or
  - By reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, or
  - A set amount.

### ***Time costs for the period 10 February 2014 to 31 July 2015***

- 4 4 The Joint Administrators time costs for dealing with the Administration of the Company as at 31 July 2015 total £158,385.40 which represents 789 hours at an average hourly rate of £200.74.

### ***Time costs for the period 3 February 2015 to 31 July 2015***

- 4.5 The Joint Administrators time costs for dealing with the Administration of the Company for the period 3 February 2015 to 31 July 2015 total £8,569.15 which represents 44.95 hours at an average hourly rate of 190.64. Summaries of the Joint Administrators time costs for the above periods are attached at Appendix 3.

- 4 6 Given that there will be no funds available to enable a distribution to either the preferential or unsecured creditors from the floating charge realisations, the Joint Administrators have obtained secured creditor approval (Centric and FW) as to the basis of the Joint Administrators remuneration in accordance with Rule 2 106(5A) of the Rules. Remuneration will be on a time cost basis by reference to BDO LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration.
- 4 7 Fees of £84,602 have been paid on account of the above time costs.
- 4 8 These amounts are derived by reference to BDO LLP's normal rates for the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. Where members of the Joint Administrators staff have been employed on this insolvency they have been so based on their experience and abilities in dealing with a case of this nature. Where appropriate, certain staff have dealt with specific areas of the Administration due to their specialist skills in those areas.
- 4 9 All staff who have worked on these assignments, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates. The Joint Administrators advise that our scale rates may increase from time to time over the period of the Administration.
- 4 10 A creditors' guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees is attached at Appendix 4.
- 4 11 The Joint Administrators have also incurred disbursements on behalf of the Company totalling £2366 as at 31 July 2015, which are detailed below:

Disbursement	Category 1 £	Category 2 £
Travel	-	1,769
Bond	250	-
Storage	347	-
	<u>597</u>	<u>1,769</u>

- 4 12 Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage. All category 1 disbursements are charged at the actual cost incurred.
- 4 13 Category 2 disbursements will comprise cost allocations which may arise on some of the category 1 expense where supplied internally. Typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying and printing, and allocated communication costs. A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency.
- 4 14 Centric and FW have also approved payment of Category 2 disbursements. These have been paid in full.

- 4 15 A schedule of office-holders' normal charge-out rates and disbursements are attached at Appendix 5.
- 4 16 Please find attached at Appendix 6 an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/ or challenge the remuneration or expenses within the Administration.
- 4.17 The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contactus/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint.

#### **Other professional costs**

- 4 18 The Joint Administrators agents, GoIndustry have been paid £5,795 for their valuation and asset disposal advice in respect of the Administration.
- 4 19 GoIndustry have also been paid £7,991 in respect of disbursements that they have incurred.
- 4 20 The Joint Administrators solicitors, Bond Dickinson LLP ("BD"), have been paid on a time cost basis, plus disbursements, for the time spent by them in assisting Centric in preparing the appointment documentation, confirming the validity of the appointment and other general advice throughout the Administration.
- 4 21 BD has been paid a fee of £8,900 and £179 in respect of disbursements. No further fees are due to be paid to BD.

#### **5 Joint Administrators Proposals**

- 5 1 In accordance with Paragraph 49 of the Schedule B1 to the Insolvency Act 1986, I C Schofield and F G Newton the Joint Administrators of the Company, made to the creditors the following proposals for achieving the purposes of the administrations for the Company.
- 5 2 I can confirm that there have been no amendments or deviations from the Joint Administrators proposals which are detailed below
- (i) That the Joint Administrators do all such things and generally exercise all of the powers as Joint Administrators contained in Schedule 1 of the Insolvency Act 1986, as they at their discretion consider desirable or expedient in order to achieve the purposes of the administrations, to protect and preserve the assets of the Company or maximise the realisation of those assets or for any purpose incidental to these proposals.
  - (ii) That the Joint Administrators are empowered to appoint agents of their choosing to assist them in performing their duties.
  - (iii) That the Joint Administrators be authorised, if necessary, to compromise debts, for the general benefit of creditors.
  - (iv) That the Joint Administrators be authorised to make payment, if appropriate, to the unsecured creditors in accordance with either Paragraph 65 or Paragraph 66 of Schedule B1 of the Insolvency Act 1986.
  - (v) That the Joint Administrators, at their sole discretion and at a time they see fit, are empowered to either
- File the necessary returns at Court and with the Registrar of Companies to place the Company into creditors voluntary liquidation pursuant to Paragraph 83 to Schedule B1 of the

Insolvency Act 1986 and that I C Schofield and F G Newton be appointed Joint Liquidators, or any other person(s) be appointed Liquidator(s) of the Company in accordance with Paragraph 83(7) of the same, or,

- Make application to Court to end the Administrations pursuant to Paragraph 79 of Schedule B1 to the Insolvency Act 1986, following which, the Administrators request that the Company be compulsorily wound-up and I C Schofield and F G Newton be appointed Joint Liquidators if they so desire, or,
  - File the necessary documents with the Court and with the Registrar of Companies to dissolve the Company pursuant to Paragraph 84 of Schedule B1 to the Insolvency Act 1986.
- (vi) That the Joint Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 to the Insolvency Act 1986, 14 days after filing their final progress report in the Administrations
- (vii) That, if thought appropriate, by creditors, a creditors committee be formed. Any creditor(s) wishing to form a committee should write to the Joint Administrators within 14 business days of the report being available. It should also be noted that in order for a creditor committee to be valid, there must be either 3 or 5 willing to act.

## **6 Joint Administrators discharge**

- 6 1 Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 requires that the Joint Administrators discharge from liability for any action taken by them during the course of an Administration is approved by the secured creditor. The Joint Administrators have written to the secured creditors in this regard
- 6 2 Granting the Administrators discharge does not prevent any creditor of the Company from applying to Court (under Paragraph 75 of Schedule B1 to the Insolvency Act 1986) for permission to bring proceedings against the Joint Administrators if any such party believes that our conduct as Joint Administrators has breached duties in relation to the Company or has otherwise made the Joint Administrators guilty of misfeasance.
- 6 3 The Joint Administrators are not currently aware of any issue that may result in such an application to Court.
- 6 4 For the avoidance of doubt, granting the Joint Administrators discharge prior to the termination of the Administrations does not discharge their liability, until the termination is effective

## **7 Exit Route - Dissolution of the Company**

- 7 1 Given that there are no funds available to pay a dividend to the Company's unsecured creditors, the Company will be moved from Administration to Dissolution in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986.
- 7.2 The relevant forms will be filed with the Registrar of Companies and the Company will ordinarily be dissolved three months after the Joint Administrators cease to act.

## **8 Other Matters**

- 8 1 Should you require any further information please contact Andrew Rudge on 0113 290 6174.

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The affairs, business and property of the Company are being managed by the Joint Administrators.  
The Joint Administrators act as agents of the Company and without personal liability.

Yours faithfully  
For and on behalf of the Company



**F G Newton**  
Joint Administrator

F G Newton is authorised by the Insolvency Practitioners Association in the UK  
I C Schofield is authorised by the Institute of Chartered Accountants in England and Wales in the UK



## Appendix 1 - Statutory information

<b>Company Name</b>	Propeller (GB) Limited	
<b>Company Number</b>	04281103	
<b>Court Details</b>	High Court of Justice, Chancery Division, Newcastle Upon Tyne District Registry	
<b>Court Number</b>	0130 of 2014	
<b>Administrators details</b>	<p>Ian C Schofield BDO LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU Appointed: 10/02/2014</p> <p>Francis G Newton BDO LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU Appointed: 10/02/2014</p> <p>The Joint Administrators are to act jointly and severally in all matters relating to the administration</p>	
<b>Trading Address</b>	362B Dukesway Team Valley Trading Estate Gateshead NE11 0PZ	
<b>Registered Office</b>	1 Bridgewater Place Water Lane Leeds LS11 5RU	
<b>Former Registered Office</b>	362B Dukesway Team Valley Trading Estate Gateshead NE11 0PZ	
<b>Directors</b>	David Pearson Philip Upton Carl Brookes Anthony Goodwin (Resigned 25/03/13)	
<b>Shareholdings</b>	Propeller Holdings Limited	Ordinary £1 shares 4
<b>Financiers</b>	Centric Commercial Finance Finance Wales Capital	

**Propeller (GB) Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 03/02/2015 To 02/08/2015	From 10/02/2014 To 02/08/2015
	<b>GENERAL FIXED CHARGE</b>		
895,000.00	Book Debts	NIL	NIL
(726,142.00)	Chargeholder	NIL	NIL
		NIL	NIL
	<b>MOTOR VEHICLES</b>		
40,000 00	Subject to a charge	NIL	NIL
(75,000.00)	Chargeholder	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
20,000.00	Furniture & Equipment	NIL	800 00
300,000.00	Stock	NIL	62,739.82
	Book Debts	NIL	56,914 00
	Sundry	NIL	270 57
	Bank Interest Gross	NIL	51 39
5,175 00	Directors loan	NIL	NIL
		NIL	120,775.78
	<b>COST OF REALISATIONS</b>		
	Agents/ Valuers Fees	5,795.38	5,795 38
	Agents/ Valuers Disbursements	NIL	7,991 27
	Administrators Fees	34,101.78	84,601 78
	Administrators Disbursements	347 40	2,366 88
	IT Consultant	NIL	900 00
	Book-keeping services	NIL	1,100.00
	Retention of Title	NIL	4,445.66
	Legal Fees	NIL	8,900 00
	Legal Disbursements	NIL	179.00
	Publicity	NIL	509 76
	Non-Reclaimable VAT	NIL	119 52
	Stationery & Postage	NIL	949 38
	Storage Costs	71 76	717.74
	Re-Direction of Mail	NIL	585 00
	Statutory Advertising	NIL	227 46
	Insurance of Assets	NIL	1,346 95
	Bank Charges	15 00	40 00
		(40,331.32)	(120,775.78)
<b>459,033.00</b>		<b>(40,331.32)</b>	<b>0.00</b>
	<b>REPRESENTED BY</b>		
	VAT Receivable		594 04
	Trade Creditors		(297.02)
	Vat Control Account		(297.02)
			NIL

Ian Schofield  
Joint Administrator

**Name of Assignment      Propeller (GB) Limited - In Administration**

**Detail of Time Charged and Rates Applicable for the Period From 01/02/2014 to 31/07/2015**

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
<b>A. Pre Appointment Matters</b>														
02 Director/Debtor meetings		50 70		11,396 10									50 70	11,396 10
03 Secured/Creditor		9 25		2,728 75									9 25	2,728 75
04 Documentation Review		25 50		6,108 75			3 00	516 00					28 50	6,624 75
05 Agree Scope of		1 00		295 00									1 00	295 00
06 General Advice - Meetings	5 70	2,627 70	5 00	1,355 00									10 70	3,982 70
07 General Advice -		1 50		442 50									1 50	442 50
99 Other Matters							31 25	5,375 00					31 25	5,375 00
sub total -	5 70	2,627 70	92 95	22,326 10			34 25	5,891 00					132 90	30,844 80
<b>A Pre Appointment Matters</b>														
<b>B Steps on Appointment</b>														
02 Statutory Documentation	0 70	322 70			16 70	3,056 10	1 35	232 20					18 75	3,611 00
07 Attendance at Premises			24 00	4,872 00			72 50	12,470 00					96 50	17,342 00
99 Other Matters			2 30	638 90									2 30	638 90
sub total -	0.70	322.70	26 30	5,510 90	16.70	3,056 10	73 85	12,702.20					117 55	21,591 90
<b>B Steps on Appointment</b>														
<b>C Planning and Strategy</b>														
02 Review Financial Position			2 30	466 90									2 30	466 90

Detail of Time Charged and Rates Applicable for the Period From 01/02/2014 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
03 Review Bus			18 20	3,694 60							18 20	3,694 60		
07 Strategy Planning	0 80	368 80	6 80	1,656 40							7 60	2,025 20		
08 Reporting							0 75	129 00			0 75	129 00		
99 Other Matters	0 40	184 40	2 90	588 70							3 30	773 10		
sub total -	1.20	553 20	30 20	6,406 60			0 75	129.00			32 15	7,088 80		
C Planning and Strategy														
D. General Administration														
01 Insurance Matters			2 90	588 70			1 65	283 80			4 55	872 50		
02 VAT	0 20	92 20	2 45	566 35			3 80	672 30	3 80	641 70	10 25	1,972 55		
03 Taxation			2 50	507 50			4 65	850 95	0 75	81 00	7 90	1,439 45		
04 Instruct/Liase Solicitors			0 10	20 30							0 10	20 30		
05 Investigations			7 20	1,461 60			0 60	103 20			7 80	1,564 80		
06 Conduct Reports	0 90	414 90	1 60	324 80	0 20	36 60	12 00	2,064 00			14 70	2,840 30		
07 Receipts/Payments			3 90	791 70			2 75	490 05	5 00	609 90	2 40	171 00	14 05	2,062 65
08 Remuneration Issues			0 60	121 80			0 40	68 80			1 00	190 60		
09 Statutory Matters			12 75	2,611 25			1 60	275 20			14 35	2,886 45		

Name of Assignment      Propeller (GB) Limited - In Administration

Detail of Time Charged and Rates Applicable for the Period From 01/02/2014 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
12 Press/PR Matters	0 30	138 30	1 00	295 00									1 30	433 30
14 General Discussions	0 90	414 90	2 50	507 50									3 40	922 40
15 Gen	5 20	2,402 95	11 60	2,400 80	2 60	475 80	57 50	10,047 00	6 80	1,054 00			83 70	16,380 55
16 Maintain Internal Files			1 80	365 40			2 50	430 00					4 30	795 40
99 Other Matters	1 40	645 40	6 60	1,339 80									8 00	1,985 20
sub total -														
D General Administration	8 90	4,108 65	57 50	11,902 50	2 80	512 40	87 45	15,285 30	16 35	2,386 60	2 40	171 00	175 40	34,366 45
E Assets Realisation/Dealing														
03 Asset Tracing	0 60	276 60											0 60	276 60
04 Agent Instruction/Liasing	3 30	1,521 30	27 90	6,583 70			8 50	1,462 00					39 70	9,567 00
06 Property Related Matters			6 30	1,278 90									6 30	1,278 90
07 Debt Collection	0 50	230 50	86 60	19,980 30			0 40	68 80					87 50	20,279 60
08 Dealing with Chattel			0 80	162 40									0 80	162 40
09 Dealing with other Assets	1 30	599 30	20 20	4,192 60			6 30	1,083 60					27 80	5,875 50
10 HP/Leasing Matters			0 60	121 80			1 85	318 20					2 45	440 00
12 Retention of Title	2 40	1,106 40	23 25	4,802 35			45 00	7,740 00					70 65	13,648 75

## Detail of Time Charged and Rates Applicable for the Period From 01/02/2014 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
99 Other Matters	0 20	92 20	1 00	295 00			2 55	438 60					3 75	825 80
sub total - E. Assets	8.30	3,826 30	166 65	37,417 05			64 60	11,111 20					239 55	52,354 55
G Employee Matters														
02 Dealing with Employees			2 40	487 20			0 50	91 50					2 90	578 70
03 EPA Matters							3 45	593 40			14 70	1,455 30	18 15	2,048 70
04 Pension Issues	0 20	92 20	0 40	81 20									0 60	173 40
99 Other Matters			0 20	40 60	1 50	274 50	6 15	1,057 80					7 85	1,372 90
sub total - G Employee Matters	0.20	92.20	3 00	609.00	1 50	274 50	10 10	1,742 70			14 70	1,455 30	29 50	4,173 70
H. Creditor Claims														
02 Secured Creditors	0 30	138 30	8 60	1,745 80									8 90	1,884 10
04 Non-Preferential	0 20	92 20	8 90	1,806 70			58 25	10,057 50					67 35	11,956 40
06 Other Creditors			2 00	406 00									2 00	406 00
99 Other Matters	0 80	368 80	1 00	271 00			1 00	172 00					2 80	811 80
sub total - H Creditor Claims	1 30	599 30	20 50	4,229.50			59 25	10,229.50					81 05	15,058.30
I Reporting														

Name of Assignment      Propeller (GB) Limited - In Administration

Detail of Time Charged and Rates Applicable for the Period From 01/02/2014 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
01 Statutory Reporting	2 30	1,060 30	1 40	284 20			50 20	8,897 60			53 90	10,242 10		
02 Reporting to Appointor	1 80	829 80	21 20	5,039 60			6 70	1,152 40			29 70	7,021 80		
04 Reporting to Creditors	1 50	691 50	7 05	1,520 15			9 30	1,599 60			17 85	3,811 25		
06 Reporting to other bodies			0 40	81 20							0 40	81 20		
99 Other Matters			0 50	101 50							0 50	101 50		
sub total -														
I Reporting	5 60	2,581 60	30 55	7,026 65			66 20	11,649 60			102 35	21,257 85		
J Distribution and Closure														
01 Closure Planning	0 20	92 20	2 35	503 05							2 55	595 25		
06 Closing Statutory Duties	0 20	92 20	0 30	60 90			6 00	1,098 00			6 50	1,251 10		
99 Other Matters	0 90	414 90									0 90	414 90		
sub total -														
J Distribution and Closure	1 30	599 30	2 65	563 95			6 00	1,098.00			9 95	2,261 25		
K Work														
Work	0 20	92 20							1 30	140 40	1 50	232 60		
sub total -														
K Work	0.20	92.20		0 00					1 30	140 40	1 50	232.60		

Detail of Time Charged and Rates Applicable for the Period From 01/02/2014 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT		SENIOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
													921.90	189,230.20
														2,271.72
													(132.90)	(30,844.80)
													789.00	160,657.12



Detail of Time Charged and Rates Applicable for the Period From 03/02/2015 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
C Planning and Strategy														
02 Review Financial Position			0 40	81 20									0 40	81 20
03 Review Bus			1 90	385 70									1 90	385 70
99 Other Matters	0 20	92 20											0 20	92 20
sub total -	0.20	92.20	2 30	466 90									2 50	559 10
C Planning and Strategy														
D General Administration														
02 VAT	0 20	92 20	1 10	223 30			1 20	219 60	0 70	120 40			3 20	655 50
03 Taxation			0 40	81 20			4 65	850 95	0 75	81 00			5 80	1,013 15
07 Receipts/Payments			0 40	81 20			1 05	192 15	1 55	161 30			3 00	434 65
15 Gen	0 75	351 50					10 50	1,932 75					11 25	2,284 25
16 Maintain Internal Files			0 20	40 60									0 20	40 60
sub total -	0.95	443.70	2.10	426 30			17.40	3,195 45	3 00	362 70			23 45	4,428.15
D General Administration														
E Assets Realisation/Dealing														
04 Agent Instruction/Liasing			0 85	195 55									0 85	195 55
sub total -			0 85	195 55									0.85	195 55
E Assets														

Name of Assignment      Propeller (GB) Limited - In Administration

Detail of Time Charged and Rates Applicable for the Period From 03/02/2015 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
<b>G Employee Matters</b>														
02 Dealing with Employees							0 50	91 50					0 50	91 50
sub total -				0 00			0.50	91.50					0.50	91.50
<b>G Employee Matters</b>														
<b>H Creditor Claims</b>														
04 Non-Preferential			0 70	142 10			1 60	292 80					2 30	434 90
sub total -			0 70	142 10			1 60	292 80					2 30	434 90
<b>H Creditor Claims</b>														
<b>I Reporting</b>														
01 Statutory Reporting							10 10	1,871 70					10 10	1,871 70
04 Reporting to Creditors			2 00	426 00									2 00	426 00
sub total -			2 00	426 00			10 10	1,871 70					12 10	2,297 70
<b>I Reporting</b>														
<b>J Distribution and Closure</b>														
01 Closure Planning			1 95	421 85									1 95	421 85
sub total -			1 95	421 85									1 95	421.85
<b>J. Distribution and Closure</b>														
<b>K Work</b>														
Work									1 30	140 40			1 30	140 40
sub total -				0 00					1 30	140 40			1 30	140 40
<b>K Work</b>														
Work														

Detail of Time Charged and Rates Applicable for the Period From 03/02/2015 to 31/07/2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
										Net Total			44 95	8,569 15
										Other Disbursements				0 00
										Grand Total				8,569 15

## **1 Introduction**

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

## **2 The nature of administration**

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

## **3 The creditors' committee**

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

## **4 Fixing the administrator's remuneration**

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed

- as a percentage of the value of the property which the administrator has to deal with,
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
- as a set amount

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be

fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of -

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors -
  - each secured creditor of the company, and
  - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company

4.4 A resolution of creditors may be obtained by correspondence

## **5. Review of remuneration**

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

## **6. Approval of pre-administration costs**

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

## **7 What information should be provided by the administrator?**

### **7.1 When fixing bases of remuneration**

7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case. 7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been subcontracted out that could otherwise be carried out by the administrator or his or her staff.

## **7.2 After the bases of remuneration have been fixed**

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8.1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

## **7.3 Disbursements and other expenses**

7.3.1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories.

- Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- Category 2 disbursements: These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

### **7.3.2 The following are not permissible:**

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the administrator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

## **8 Progress reports and requests for further information**

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);

- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of
- whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved;
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8 3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

## **9 Provision of information - additional requirements**

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is -

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office

## **10 What if a creditor is dissatisfied?**

10 1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10 2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8 1 above). If the court does not dismiss the application (which it may if it considers

that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration

#### **11 What if the administrator is dissatisfied?**

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration

#### **12 Other matters relating to remuneration**

12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors

12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made

12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them

#### **13. Effective date**

This guide applies where a company enters administration on or after 1 November 2011



**Appendix****Suggested format for the provision of information**

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

**Narrative overview of the case**

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are

- the complexity of the case,
- any exceptional responsibility falling on the administrator;
- the administrator's effectiveness;
- the value and nature of the property in question

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended;
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing;
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees;
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed;
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration

**Time cost basis**

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include
  - details of work undertaken during the period, related to the table of time spent for the period,
  - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used;
  - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted.



## Propeller (GB) Limited - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows. This in no way implies that staff at all such grades will work on the case.

### GRADE £

Partner	461
Director	319
Senior Manager	295-271
Manager	230-183
Executive	172-125
Junior Executive	113-64
Support staff/Secretary	63

The rates charged by BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

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. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

### 1) Other Costs

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



## 2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred

## 3) Category 2

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The current policy of BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency. This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

In respect of the Administration of Propeller (GB) Limited we propose to charge £12.50 (plus VAT) for the first year and £6.25 (plus VAT) for each subsequent year, per creditor. This will cover the disbursement costs of for postage and stationery for all reports and letters, together with all copying charges and telephone and email costs. Creditors will be invited to approve a resolution to this effect. During the first year the Administrators will issue 3 reports and in successive years 2 reports.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

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

BDO LLP  
5 August 2015

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**Appendix 6 - A statement regarding the rights of creditors to request further information and/ or challenge the remuneration or fees within the Administration**

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-**

**Rule 2.48A Creditors' request for further information**

(1) If—

(a) within 21 days of receipt of a progress report under Rule 2.47—

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

(b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

(a) providing all of the information asked for, or

(b) so far as the administrator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or

(iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

(a) the giving by the administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),  
and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just

**Rule 2.109 Creditors' claim that remuneration or other expenses are excessive**

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

(a) the remuneration charged by the administrator,

(b) the basis fixed for the administrator's remuneration under Rule 2.106, or

(c) expenses incurred by the administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-**

**Rule 2.109 (continued)**

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration