

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

05186464

Name of Company

HPEMS Limited

I / We

Jamie Taylor, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG

Dominik Thiel Czerwinke, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 06/01/2016 to 05/01/2017

Signed



Date

28/02/17

Begbies Traynor (Central) LLP
The Old Exchange
234 Southchurch Road
Southend on Sea
SS1 2EG

Ref HP006CVL/JT/DTC/ACT/DCF

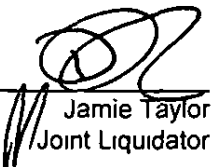
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COMPANIES HOUSE

HPEMS Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

| Statement of Affairs | From 06/01/2016 To 05/01/2017 | From 06/01/2015 To 05/01/2017 |
|--|----------------------------------|----------------------------------|
| ASSET REALISATIONS | | |
| Book Debts | NIL | 16,570 83 |
| Funds transferred from ADM | NIL | 62,318 80 |
| Bank Interest Gross | 50 51 | 83 11 |
| | <u>50 51</u> | <u>78,972 74</u> |
| COST OF REALISATIONS | | |
| Administrator's time costs | NIL | 25,000 00 |
| Administrators outstanding disburseme | NIL | 984 74 |
| Liquidators' Expenses | NIL | 406 84 |
| Leslie Keats QS-report fixed fee | NIL | 1,000 00 |
| Leslie Keats QS- 20% commission on | NIL | 965 07 |
| Legal Fees (1) | NIL | 500 00 |
| Corporation Tax | 6 40 | 6 40 |
| Storage Costs | 220 00 | 895 75 |
| Bank Charges | 3 94 | 3 94 |
| | <u>(230 34)</u> | <u>(29,762 74)</u> |
| FLOATING CHARGE CREDITORS | | |
| Distribution to Floating Charge Creditor | NIL | 24,465 00 |
| | <u>NIL</u> | <u>(24,465 00)</u> |
| | <u>(179 83)</u> | <u>24,745.00</u> |
| REPRESENTED BY | | |
| Vat Receivable | | 22 00 |
| Bank 1 Current | | 2,007 64 |
| Bank 1 Interest Bearing Current | | 22,593 36 |
| Vat Control Account | | 122 00 |
| | | <u>24,745.00</u> |


 Jamie Taylor
 Joint Liquidator



HPEMS Limited (In Creditors' Voluntary Liquidation)

Progress report

Period: 06 January 2016 to 05 January 2017

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

| <u>Expression</u> | <u>Meaning</u> |
|---|--|
| "the Company" | HPEMS Limited (In Creditors' Voluntary Liquidation) |
| "the liquidation" | The Company moving into creditors' voluntary liquidation from administration pursuant to Paragraph 83 of Schedule B1 to the Act |
| "the liquidators", "we", "our" and "us" | Jamie Taylor of Begbies Traynor (Central) LLP, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG and Dominik Thiel Czerwinke of Begbies Traynor (Central) LLP, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG |
| "the Act" | The Insolvency Act 1986 (as amended) |
| "the Rules" | The Insolvency Rules 1986 (as amended) |
| "secured creditor" and "unsecured creditor" | Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act) |
| "security" | (i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act) |
| "preferential creditor" | Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act |

2. COMPANY INFORMATION

| | |
|---------------------------|--|
| Trading name(s) | HPEMS |
| Company registered number | 05186464 |
| Company registered office | The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG |
| Former trading address | Paddon House, Stortford Road, Dunmow, Essex, CM6 1DA |

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

| | |
|----------------------------------|-----------------|
| Date winding up commenced | 06 January 2015 |
| Date of liquidators' appointment | 06 January 2015 |

Changes in liquidator (if any)

None

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 06 January 2016 to 05 January 2017

The book debts were assigned to Mr Murphy, the Company's director, to collect. He continues to pursue these and otherwise there are no further matters to attend to in this liquidation pending any further debtor receipts

ASSET REALISATIONS DURING THE PERIOD

Book Debts

As advised in the Administrators Final Progress Report, Fenwick Elliott LLP were instructed to assist with the collection of book debts and retentions. On 14 September 2015, a Deed of Assignment was agreed. Book debts in the total sum of £1,171,195.42 were assigned to Anthony Murphy, director and secured creditor of the Company. Mr Murphy is to pay 8% of net recoveries into the liquidation.

There have been no further recoveries in the period covered by this report but Mr Murphy continues to pursue the debtors.

Bank Interest

The total sum of £50.51 has been received in respect of bank interest incurred.

COSTS INCURRED DURING THE PERIOD

Corporation tax on bank interest has been paid in the sum of £6.40.

Bank charges have been incurred in the sum of £3.94.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous report contains details of the work undertaken since our appointment.

General case administration and planning

- Updating the electronically held information at this office,
- General filing and printing of incoming communications,
- Updating case strategy plan

- Dealing with correspondence (physical and electronic) that is considered routine in the context of the engagement and otherwise does not directly fall into other categories
- General case updates to include internal meetings on case strategy and effect of instruction
- Overseeing and controlling the work undertaken on this engagement by junior staff,
- Creation of file notes where necessary,
- Completion of six monthly compliance and progression checklists,
- Ensure time recording data is compliant with Statement of Insolvency Practice 9,

On this engagement, the work identified above does not hold a direct commercial benefit to creditors. Creditors benefit from this work as it ensures this particular engagement is dealt with to the standards expected and also in a timely fashion. Elements of this work are required to comply with best practice and statute.

Compliance with the Insolvency Act, Rules and best practice

- Reviewing the adequacy of the specific penalty bond periodically,
- Ongoing consideration to ethical practice,
- Ongoing consideration to money laundering regulations,
- Updating case checklists and statutory diaries where necessary,
- Submission of forms to Companies House,

Banking

- maintaining and managing the insolvent estate bank account
- maintaining and managing the officer holders' cash book on this assignment
- Undertaking regular bank reconciliations of the insolvent estate bank account
- Complying with risk management procedures,
- Accounting for accruing interest on the cash book,
- Preparing and processing cheque requisition forms for the payment of post-appointment invoices,
- Processing of BACS/electronic payments where applicable,

On this engagement, the work identified above does not hold a direct commercial benefit to creditors. It is the duty of the appointed office holder to comply with the Insolvency Act and Rules and creditors benefit from this being done to a standard expected of this firm.

Investigations

- None, these have been completed during earlier periods

Realisation of assets

- Liaison with Mr. Murphy on book debt recoveries,

On this assignment, the work detailed above has realised assets for the insolvent estate from which one or more class of creditors will directly benefit. The office holders are duty bound to realise and get in the Company's property and maximise asset realisations.

Trading

- None

Dealing with all creditors' claims (including employees), correspondence and distributions

Creditors

- updating schedules of preferential and unsecured creditor claims,
- Receipt of creditor claims and input on internal case management software,
- Review of creditor claim supporting information,
- Taking and dealing with phone calls from creditors,
- Acknowledgment of creditor claims correspondence and/or dealing with further queries on claims,
- Receipt of, consideration of and response to creditor correspondence,
- Where necessary, consideration of issues to reject claims and issue of appropriate letter to creditor(s) affected in accordance with statutory requirements concerning rejection of all or part claims,

On this engagement, the work detailed above will have a direct financial benefit to creditors. Claim agreement is required to be undertaken in accordance with the Insolvency Act and Rules together with best practice to ensure that all creditor claims have been correctly lodged and fairly adjudicated on prior to the payment of any dividend.

Other matters which includes meetings, tax, litigation, pensions and travel

Tax / VAT

- Submitting relevant initial notification to HM Revenue & Customs,
- Consideration of possible terminal loss relief claim,
- Post appointment tax compliance – submission of corporation tax return(s)
- Post appointment VAT compliance – submission of VAT returns

On this assignment, the submission of VAT returns has enabled a reconciliation of the input and output VAT leading to a repayment of VAT charged on professional fees for the estate and constitutes a further realisation of assets. In this matter, one or more categories of creditors have directly benefitted from all asset realisations. Office holders are required to comply with VAT and Tax legislation in relation to the insolvent entity.

Time Costs Analysis

An analysis of time costs for the period of the report is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

Expenses

Details of all of the expenses incurred in the period of this report are attached at appendix 3.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the director's statement of affairs included in the statement of proposals of the former administrators.

Secured creditors

Lloyds TSB Bank PLC

In the Administration, a notice was received indicating that the sum of £482,116 is owed to the bank.

The sum of £54,355 was paid to Lloyds TSB Bank PLC during the Administration by way of a VAT refund due to the Company which was paid directly by HMRC

A floating charge distribution was made on 16 September 2015 of which the sum of £24,465 00 was paid to the bank

Mr & Mrs Murphy

The sum of £170,000 is estimated to be owed to Mr & Mrs Murphy who acted as security providers in respect of the loan from Rowanmoor Group to the Company

As mentioned above, Mr Murphy has been assigned the book debts of the Company Mr Murphy is entitled to deduct the sums received from the figure due to him and Mrs Murphy to lower their secured claim in the liquidation

Preferential creditors

A dividend is to be paid to the preferential creditors We can advise that the Redundancy Payments Office have made payments to the employees in respect of Redundancy, Notice Pay, Holiday pay and Arrears of Wages and have submitted their claim to us The RPO have resubmitted their claim in the sum of £6,012

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided by the former administrators in their statement of proposals and the administrators final progress report

Within the Administrators' proposals we estimated, to the best of our knowledge and belief, that the Company's net property, as defined in Section 176A of the Act, would be £676,351 and the prescribed part of the Company's net property to be £138,270 20 Prescribed part monies which were set aside for distribution to creditors after costs amount to £17,338 75

The total sum of £78,820 has been distributed to Lloyds TSB Bank PLC Estimated future realisations will total £93,695 63 from the 8% of book debt recoveries that Mr Murphy has been assigned to collect The liquidators consider that the prescribed part estimate should be revised to £17,338 given the unlikely nature of any further book debt receipts due to existing unsuccessful efforts and effluxion of time

Unsecured creditors

A dividend is anticipated to be paid to unsecured creditors from the prescribed part mentioned above which currently totals £17,338 75 Total creditor claims received to date amount to £1,089,091 11 It is not anticipated that any further dividend will be paid

6. REMUNERATION & DISBURSEMENTS

Our remuneration is treated as having been fixed on the same basis as the former administrators namely, by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the winding up

Pursuant to Statement of Insolvency Practice 9, we are also authorised to draw disbursements, including disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9)

Our time costs for the period from 06 January 2016 to 05 January 2017 amount to £5,819 00 which represents 33 5 hours at an average rate of £173 70 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Time Costs Analysis for the period 06 January 2016 to 05 January 2017
- ☐ Begbies Traynor (Central) LLP's charging policy

To 05 January 2017, we have not drawn any sums on account of remuneration of the liquidators

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the liquidation

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only

Disbursements

To 05 January 2017, we have also drawn disbursements in the sum of £220 00

Category 2 Disbursements

In accordance with the resolution obtained in relation to disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since our last report to creditors

| | | |
|---------------|--|--------|
| Photocopying | Begbies Traynor (Central) LLP | 99 20 |
| Storage Costs | Archive Facilities (Southend) Limited | 675 75 |

Archive Facilities (Southend) Limited are associated to partners of Begbies Traynor (Central) LLP and therefore deemed as a category 2 disbursement which requires creditors approval

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy

7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

A cumulative statement showing the total expenses incurred since the date of our appointment also appears at Appendix 3

8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

The director continues to make further attempts at recovering outstanding debtors

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

- The preparation, drafting and issue of this report to creditors and members to include all necessary information,
- Updating case strategy plan,
- update of case compliance checklists,
- Dealing with correspondence (physical and electronic) that is considered routine in the context of the engagement and otherwise does not directly fall into other categories,
- General case updates to include internal meetings on case strategy and effecting instruction,
- Ongoing maintenance of up to date information on the electronic case information,
- Periodic reviews of the case generally,
- Overseeing and controlling the work undertaken on this engagement by junior staff,
- Completion of six monthly compliance and progression checklists,
- Ensure time recording data is compliant with Statement of Insolvency Practice 9,

On this engagement, the work identified above does not hold direct commercial benefit to creditors. Creditors benefit from this work as it ensures this particular engagement is dealt with to the standards expected and also in a timely fashion. Elements of this work are required to comply with best practice and statute.

Compliance with the Insolvency Act, Rules and best practice

- Reviewing the adequacy of the specific penalty bond periodically,
- Ongoing consideration to ethical practice,
- Ongoing consideration to money laundering regulations,
- Updating case checklists and statutory diaries where necessary,
- Submission of forms to Companies House,
- Maintain accurate account of receipts and payments,
- Issuing annual progress reports for submission at Companies House and copies sent to all known creditors

Banking

- Maintaining and managing the insolvent estate bank account
- Maintaining and managing the officer holders' cash book on this assignment
- Undertaking regular bank reconciliations of the estate bank account
- Complying with risk management procedures,
- Accounting for accruing interest on the cash book,
- Preparing and processing cheque requisition forms for the payment of post-appointment invoices,
- Preparing and processing remittance advises for incoming funds,
- Processing of BACS/electronic payments where applicable,

Closure

- Preparing, reviewing and issuing final report to members and creditors,
- Preparation and issue of advert convening final meetings of members and creditors to London Gazette,
- Convening and holding the final meeting of members and creditors,

- Completion of minutes of final meeting,
- Filing of final return at Companies House,
- Update physical and electronic case records following closure,

On this engagement, the work identified above holds a direct commercial benefit to creditors. It is the duty of the appointed office holder to comply with the Insolvency Act and Rules and creditors benefit from this being done to a standard expected of this firm.

Investigations

- None

Realisation of assets

- Ongoing liaison with Mr. Murphy in relation to the book debts and accounting for any receipts,
- Accounting for bank interest,

On this assignment, the ongoing work detailed above has realised assets for the insolvent estate from which one or more class of creditors will directly benefit. The office holders are duty bound to realise and get in the Company's property and maximise asset realisations.

Trading

- None

Dealing with all creditors' claims (including employees), correspondence and distributions

Creditors

- The issue of this report and associated required documents,
- Updating schedules of preferential and unsecured creditor claims,
- Receipt of creditor claims and input on internal case management software,
- Review of creditor claim supporting information,
- Taking and dealing with phone calls from creditors,
- Acknowledgment of creditor claims correspondence and/or dealing with further queries on claims,
- Receipt of, consideration of and response to creditor correspondence,
- Where necessary, consideration of issues to reject claims and issue of appropriate letter to creditor(s) affected in accordance with statutory requirements concerning rejection of all or part claims,
- Review of and adjudication on held and un-agreed claims preceding dividend,
- Calculation and subsequent payment of dividend to one or more classes of creditors,

On this engagement, the work detailed above will have a direct financial benefit to creditors. Claim agreement has been undertaken in accordance with the Insolvency Act and Rules together with best practice to ensure that all creditor claims have been correctly lodged and fairly adjudicated on preceding payment of a dividend.

Employees

- Ongoing liaison with the Redundancy Payments Office ("RPO") in relation to the claims of the employees,
- Review of RP1 claims and comparing them to payroll information and assisting with any discrepancies.

- Liaison with the RPO and dealing with their queries
- Taking phone calls from employees in relation to the progress of the case and their claims
- Dealing with any discrepancies or queries from the RPO or employees,
- Attending to any employee pension scheme related matters,
- Agreeing preferential and unsecured claims from employees and RPO
- Payment of a dividend to the employees

On this engagement, the work detailed above is of a direct financial benefit to the preferential creditors. The work is required to be done in order for the claims lodged by former employees of the business to be met by the redundancy payments office in the first instance, irrespective of the value of assets in the insolvent estate. The work is required to be done under Employment legislation and claim agreement in accordance with the Insolvency Act and Rules.

Other matters which includes meetings, tax, litigation, pensions and travel

- The completion of VAT forms in order to reclaim outstanding VAT,
- The Completion of Corporation Tax returns,
- Applications for new PAYE and UTR references if a dividend becomes payable,
- Attending meetings that may arise along with travel to and from those meetings,
- Filing of final Corporation Tax return,
- Seeking closure clearance from HMRC,

Some of the above have no direct financial benefit to creditors but have to be done in order to comply with the Insolvency Rules such as creditors and members meetings, as well as a legal requirement, such as completion of corporation tax returns. Others do have a direct financial benefit to creditors. These include the provision of VAT returns after the liquidation as the majority of VAT will be recoverable and therefore an asset of the insolvent estate.

How much will this further work cost?

We expect to incur a further £8,000 in completing the above tasks.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as follows:

| | |
|----------------------|----------------------|
| Final meeting advert | £79.40+VAT |
| Photocopying charges | £100 +VAT |
| Postage | £100 +VAT |
| Storage | £55 +VAT per quarter |

9. OTHER RELEVANT INFORMATION

N/A

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 4.49E of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report

Right to make an application to court

Pursuant to Rule 4.131 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate

11. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner



Jamie Taylor
Joint Liquidator

Dated 27 February 2017

APPENDIX 1

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 06 January 2016 to 05 January 2017

HPEMS Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

| Statement of Affairs £ | From 06/01/2016 To 05/01/2017 £ | From 06/01/2015 To 05/01/2017 £ |
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| Vat Control Account | | 122 00 |
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 Dominik Thiel Czerwinke
 Joint Liquidator

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ☐ **Category 1 disbursements (approval not required)** - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ☐ **Category 2 disbursements (approval required)** - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation but which are not payable to an independent third party.

The following items of expenditure are charged to the case (subject to approval):

Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting.
Car mileage is charged at the rate of 45 pence per mile.
Storage of books and records (when not chargeable as a Category 1 disbursement).

In addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements. The following items of expenditure which relate to services provided by entities within the Begbies Traynor Group are to be charged to the case (subject to approval):

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of Eddisons Commercial Limited to provide assistance with the sale of assets. Their charges will be based on a percentage of realisations plus disbursements.

Instruction of Eddisons Commercial Limited to provide a valuation of the Company's physical assets. Their charges will be based on a fixed fee to be agreed plus disbursements.

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

| Grade of staff | Charge-out rate (£ per hour) |
|----------------|------------------------------|
| Director | £275 |
| Associate | £180 |
| Surveyor | £120 |
| Graduate | £100 |
| Administration | £80 |
| Porters | £35 |

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the

case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides in accordance with standard insurance industry practice. Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

Services provided by an entity in which an Office Holder has an interest

The following items of expenditure which relate to services provided by an entity that a licensed insolvency practitioner within the firm has an interest in, are also to be charged to the case (subject to approval):

Storage of books and records (when not rechargeable as a Category 1 expense) is charged by Archive Facilities (Southend) Limited in which some partners of Begbies Traynor hold an interest. The rates applying as at the date of this report are: Minimum charge of £40 per quarter for up to three boxes. Four to Two Hundred Boxes charged at £11 per quarter per box over two hundred boxes are charged at half the aforementioned price (£5.50 per box per quarter). Mileage for collection of books and records is charged at 55p per mile. Provision of cardboard box charged at £2.75 per box. Where Archive Facilities (Southend) Limited are required to physically pack the books and records, there is a minimum charge of 2 hours at £15 per hour per person required, and at £15 per hour for each hour thereafter. All figures stated are net.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case, although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 disbursement:

Telephone and facsimile. Printing and photocopying. Stationery.

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally but vary to suit local market conditions. The rates applying to the Southend-on-Sea as at the date of this report are as follows:

| Grade of staff | Charge-out rate (£ per hour) | Charge-out rate (£ per hour) |
|-----------------------|------------------------------|-----------------------------------|
| | 1 May 2011 – 30-Apr 16 | 1 May 2016 – until further notice |
| Partner | 495 | 495-550 |
| Director | 395 | 395 |
| Senior Manager | 365 | 365 |
| Manager | 315 | 315 |
| Assistant Manager | 270 | 285 |
| Senior Administrator | 235 | 250 |
| Administrator | 185 | 220 |
| Trainee Administrator | 160 | n/a |
| Junior Administrator | n/a | 160 |
| Support | 160 | n/a |
| cashier | n/a | 160 |
| secretarial | n/a | 160 |

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

The office holder may use the services of BTG Contentious Insolvency Division during the course of the case. BTG Contentious Insolvency Division is a specialist department of the office holder's firm which provides forensic investigating services. The current charge-out rates applying to work carried out by BTG Contentious Insolvency Division are as follows:

| Grade of staff | Charge-out rate (£ per hour) | Charge-out rate (£ per hour) |
|-------------------|------------------------------|-----------------------------------|
| | 1 May 2011 – 30-Apr 16 | 1 May 2016 – until further notice |
| Director | 395 | 395 |
| Senior Manager | 365 | 365 |
| Assistant Manager | 270 | 285 |

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

SIP9 HPEMS - Creditors Voluntary Liquidation - 03HP006.CVL : Time Costs Analysis From 06/01/2016 To 06/01/2017

| Staff Grade | Consultant/PA other | Director | Snr Mgr | Mngr | Asst Mngr | Snr Admin | Admin | Jnr Admin | Support | Total Hours | Time Cost £ | Average hourly rate £ |
|---|------------------------|----------|---------|--------|-----------|-----------|----------|-----------|---------|-------------|-------------|--------------------------|
| General Case Administration and Planning | | | | | | | | 2.0 | | 2.0 | 320.00 | 160.00 |
| Administration | | | | | | | | 12.6 | | 12.6 | 2,016.00 | 160.00 |
| Total for General Case Administration and Planning | | | | | | | | 14.6 | | 14.6 | 2,336.00 | 160.00 |
| Compliance with the Insolvency Act, Rules and best practice | | | | | | | | | | | | 0.00 |
| Appointment | | | | | | | | | | | | |
| Bonding and Bonding | | | | | | | 9.0 | 0.4 | 0.6 | 10.0 | 1,825.00 | 182.50 |
| Case Closure | | | | | | | | | | | | 0.00 |
| Statutory reporting and statements of affairs | | 0.6 | | | | | | | | 0.6 | 237.00 | 395.00 |
| Total for Compliance with the Insolvency Act, Rules and best practice | | 0.6 | | | | | 9.0 | 0.4 | 0.6 | 10.6 | 2,062.00 | 194.53 |
| Investigations | | | | | | | | | | | | 0.00 |
| CCOA and Investigations | | | | | | | | | | | | 0.00 |
| Total for Investigations | | | | | | | | | | | | 0.00 |
| Realisation of assets | | | | | | | | | | | | 0.00 |
| Debt collection | | | | | | | | | | | | 0.00 |
| Property business and asset sales | | | | | | | | | | | | 0.00 |
| Retention of Third/Third party assets | | | | | | | | | | | | 0.00 |
| Total for Realisation of assets | | | | | | | | | | | | 0.00 |
| Trading | | | | | | | | | | | | 0.00 |
| Trading | | | | | | | | | | | | 0.00 |
| Total for Trading | | | | | | | | | | | | 0.00 |
| Dealing with all creditors claims (including employees), correspondence and distributions | | | | | | | | | | | | 0.00 |
| Secured | | | | | | | | | | | | 0.00 |
| Others | | | | 0.6 | | | | 2.3 | | 2.9 | 557.00 | 192.07 |
| Creditors Committee | | | | | | | | | | | | 0.00 |
| Total for Dealing with all creditors claims (including employees), correspondence and distributions | | | | 0.6 | | | | 2.3 | | 2.9 | 557.00 | 192.07 |
| Other matters which includes meetings, tax, litigation, pensions and travel | | | | | | | | | | | | 0.00 |
| Meetings | | | | | | | | | | | | 0.00 |
| Other | | | | | | | | | | | | 0.00 |
| Tax | | | | | | | | 5.4 | | 5.4 | 864.00 | 160.00 |
| Litigation | | | | | | | | | | | | 0.00 |
| Total for Other matters | | | | | | | | 5.4 | | 5.4 | 864.00 | 160.00 |
| Total hours by staff grade | | 0.6 | | 0.6 | | | 9.0 | 2.7 | 0.6 | 33.5 | | |
| Total time cost by staff grade | | 237.00 | | 189.00 | | | 1,665.00 | 3,632.00 | 96.00 | | 5,819.00 | |
| Average hourly rate £ | 0.00 | 395.00 | 0.00 | 315.00 | 0.00 | 0.00 | 185.00 | 160.00 | 160.00 | | | 173.70 |
| Total fees drawn to date £ | | | | | | | | | | | 0.00 | |

SIP9 HPEMS - Creditors Voluntary Liquidation - 03HP006.CVL : Time Costs Analysis From 06/01/2015 To 06/01/2017

| Staff Grade | Consultant/Partner | Director | Sr Mgr | Mngr | Asst Mngr | Sr Admin | Admin | Jr Admin | Support | Total Hours | Time Cost £ | Average Hourly Rate £ |
|---|--------------------|----------|--------|----------|-----------|----------|----------|----------|---------|-------------|-------------|-----------------------|
| General Case Administration and Planning | | | | 2.2 | | | | 2.0 | | 4.2 | 1,013.00 | 241.19 |
| | | | | 0.3 | | | | 33.4 | | 33.7 | 5,438.50 | 161.38 |
| | | | | 2.8 | | | | 35.4 | | 37.9 | 6,451.50 | 170.22 |
| Compliance with the Insolvency Act, Rules and best practice | | | | | | | | | | | | 0.00 |
| | 0.4 | | | | | | 18.8 | 0.4 | 0.9 | 20.5 | 3,866.00 | 188.59 |
| | | | | | | | | | | | | 0.00 |
| | | 0.6 | | 2.2 | | | | | | 2.8 | 930.00 | 332.14 |
| | 0.4 | 0.6 | | 2.2 | | | 18.8 | 0.4 | 0.9 | 23.3 | 4,784.00 | 206.84 |
| Investigations | | | | | | | | 1.2 | | 1.2 | 192.00 | 160.00 |
| | | | | | | | | 1.2 | | 1.2 | 192.00 | 160.00 |
| Realisation of assets | | 2.9 | | 0.3 | | | | | | 3.2 | 1,240.00 | 387.50 |
| | | 0.8 | | | | | | | | 0.8 | 316.00 | 395.00 |
| | | | | | | | | | | | | 0.00 |
| | | 3.7 | | 0.3 | | | | | | 4.0 | 1,566.00 | 393.00 |
| Trading | | | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | 0.00 |
| | | | | | | | | | | | | 0.00 |
| Dealing with all creditors claims (including employees), correspondence and distributions | | 0.4 | | | | | | | | 0.4 | 158.00 | 395.00 |
| | | | | 0.6 | | | | 4.5 | | 5.1 | 909.00 | 178.24 |
| | | | | | | | | 0.8 | | 0.8 | 128.00 | 160.00 |
| | | | | 0.6 | | | | 5.3 | | 6.3 | 1,194.00 | 189.83 |
| Other matters which includes meetings, tax, litigation, pensions and travel | | | | | | | | | | | | |
| | 1.0 | | | | | | | 2.0 | | 3.0 | 770.00 | 256.67 |
| | | 0.4 | | | | | | | | 0.4 | 158.00 | 395.00 |
| | | | | 1.3 | | | | 9.0 | | 10.3 | 1,849.50 | 179.56 |
| | | | | | | | | | | | | 0.00 |
| | 1.0 | 0.4 | | 1.3 | | | | 11.0 | | 13.7 | 2,777.50 | 202.74 |
| | 1.4 | 5.1 | | 6.9 | | | 18.8 | 53.3 | 0.9 | 88.4 | | |
| | 630.00 | 2,014.50 | | 2,173.50 | | | 3,478.00 | 8,528.00 | 144.00 | | 16,968.00 | |
| | 450.00 | 395.00 | 0.00 | 315.00 | 0.00 | 0.00 | 185.00 | 160.00 | 160.00 | | | 196.39 |
| | | | | | | | | | | | 0.00 | |

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's charging policy,
- b Time Costs Analysis for the period from 06 January 2016 to 05 January 2017 and
- c Cumulative Time Costs Analysis for the period from 6 January 2015 to 05 January 2017

STATEMENT OF EXPENSES

| Type of expense | Name of party with whom expense incurred | Amount incurred £ | Amount discharged £ | Balance (to be discharged) £ |
|---|--|----------------------|------------------------|---------------------------------|
| Expenses incurred with entities not within the Begbies Traynor Group | | | | |
| None | | | | |
| | | | | |
| Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>) | | | | |
| Storage costs | Archive Facilities (Southend) Limited | 220 00 | 220 00 | 0 00 |

CUMULATIVE STATEMENT OF EXPENSES

| Type of expense | Name of party with whom expense incurred | Amount incurred £ | Amount discharged £ | Balance (to be discharged) £ |
|--|--|----------------------|------------------------|---------------------------------|
| Expenses incurred with entities not within the Begbies Traynor Group | | | | |
| Postage | The Post Office | 230 64 | 230 64 | 0 |
| Advertising | The Stationery Office Ltd | 77 00 | 77 00 | 0 |
| Agents Fees (book debt collection) | Leslie Keats | 1,965 07 | 1,965 07 | 0 |
| Legal Fees | Fenwick Elliott LLP | 500 00 | 500 00 | 0 |
| Photocopying | Begbies Traynor (Central) LLP | 99 20 | 99 20 | 0 |
| Storage Costs | Archive Facilities (Southend) Limited | 895 75 | 895 75 | 0 |