

# 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

05674052

Name of Company

Shoes.Co.Uk Ltd

I / We

Diane Elizabeth Hill, c/o CLB Coopers Limited, 5th Floor, Ship Canal House, 98 King Street, Manchester, M2 4WU

Mark Terence Getliffe, c/o CLB Coopers Limited, 5th Floor, Ship Canal House, 98 King Street, Manchester, M2 4WU

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 23/03/2016 to 22/03/2017

Signed

Date

13 June 2017.

CLB Coopers Limited  
Ship Canal House  
98 King Street  
Manchester  
M2 4WU

Ref: SHOES/DEH/NC/PY

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**Joint Liquidators' Annual  
Progress Report to  
Creditors & Members**

**Shoes.Co.Uk Ltd  
- In Liquidation**

**From 23 March 2016 to 22 March  
2017**

## **SHOES.CO.UK LTD - IN LIQUIDATION**

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## 1 Introduction and Statutory Information

- 1.1 Diane Elizabeth Hill and Mark Terence Getliffe, of CLB Coopers Limited, Ship Canal House, 98 King Street, Manchester, M2 4WU were appointed as Joint Liquidator of Shoes.Co.Uk Ltd ("the Company") on 23 March 2016. This is our first progress report to creditors and members of the Company and it covers the period from 23 March 2016 to 22 March 2017 ("the Period").
- 1.2 The principal trading address of the Company was Spring Court, Spring Road, Hale, Altrincham, Cheshire, WA14 2UQ.
- 1.3 The registered office of the Company has been changed to c/o CLB Coopers Limited, 5th Floor, Ship Canal House, 98 King Street, Manchester, M2 4WU and its registered number is 05674052.

## 2 Progress of the Liquidation

- 2.1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period and an explanation of the work done by the Joint Liquidators and our staff.
- 2.2 Attached at **Appendix A** is our Receipts and Payments Account for the Period with a comparison to the Director's Estimated Statement of Affairs.

### Cash Held By HSBC Bank Plc

- 2.3 At the date of liquidation, it was estimated that HSBC Bank Plc ("HSBC") were holding cash on behalf of the Company in a current account totalling £24,328. On appointment, we wrote to HSBC requesting these monies be paid into the liquidation estate bank account.
- 2.4 As set out in our report to creditors issued on 15 April 2016, realisation of this asset was not certain in the context of the Bank's security and agreements with the Company. HSBC applied set off against a liability owed by the Company on its loan account. The loan account liability was reduced by the value of the cash held.

### Uncalled Share Capital

- 2.5 The Company had issued 150,000 £1 Ordinary Shares, to Nigel Carr, a director of the Company, 75,000 of which were fully paid up. The Company's records indicated that Nigel Carr had not paid for the remaining 75,000 shares. We compiled all relevant information and instructed Bermans LLP Solicitors ("Bermans") to make a formal call on Mr Carr to pay the unpaid share capital of £75,000.
- 2.6 During the period, Nigel Carr made the following payments in respect of the unpaid share capital:

Date	Amount £
12 July 2016	29,765.89
16 August 2016	20,000.00
30 September 2016	20,000.00
<b>Total</b>	<b>69,765.89</b>

- 2.7 The balance of £5,234.11 outstanding has now been accounted for outside of this reporting period as part of a settlement agreement ("the Agreement") reached in respect of various liabilities owed to the Company by its directors. Further details of the Agreement are set out in sections 2.26 to 2.30 of this report.

### **Furniture and Equipment**

- 2.8 The Company's furniture and equipment with a value in its accounts of £2,861 was valued by JPS Chartered Surveyors ("JPS") who deemed the assets to have an ex situ market value of £100. The costs of sale would have exceeded any asset realisations, therefore these assets were written off as irrecoverable.

### **Stock**

- 2.9 On appointment, the directors estimated the Company's stock comprising shoes had a realisable value of £11,250. We instructed JPS to assist us in selling the stock and to resolve outstanding retention of title ("ROT") claims received from the Company's suppliers.
- 2.10 We received 18 ROT claims and were able to accept 12 as valid and return stock with an approximate value of £22,000 to creditors. A further 6 claims were either rejected as invalid or withdrawn by the creditor. Once all ROT claims were concluded, JPS recommended that the stock of shoes be individually catalogued and listed for sale online.
- 2.11 Stock realisations during the Period have totalled £18,901, which far exceeds the directors' original estimate of £11,250. JPS are continuing to sell the remaining stock online and expect this to be concluded in the next six months.
- 2.12 Some of the Company's stock is currently held by a creditor of the Company, Debenhams. We are in correspondence with Debenhams and may need to take further legal advice to determine whether this stock can be recovered for the benefit of all creditors or will be retained by them and the value set off against their claim under the terms of their agreement with the Company.

### **Other Debtors**

- 2.13 We have recovered other debtors of £2,500.00 during the Period, representing a grant payment from the local authority for the Company employing an apprentice.

### **VAT Refund**

- 2.14 The directors estimated that the Company was owed a VAT refund of £95 from HM Revenue and Customs ("HMRC"). This amount will be set off against the Company's PAYE liability which the directors estimated was £1,250.

### **Rent Deposit**

- 2.15 We pursued and realised a rent deposit of £822.02 in respect of the Company's leasehold warehouse premises at Unit 12, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ.

### **Intercompany Loan Account**

- 2.16 Pigley Stairs Ltd ("Pigley"), is a connected company via the common ownership and directorship of Nigel Carr and common directorship of Lorraine Carr. The Company's records indicated that Pigley owed the Company £9,771 under an intercompany loan account.
- 2.17 We have reached a settlement outside of the reporting period in respect of various liabilities owed to the Company by the directors and Pigley. Further details of the Agreement are set out in sections 2.26 to 2.30 of this report.

### **Directors' Loan Account**

- 2.18 As set out in the Estimated Statement of Affairs the Company's records indicated that Nigel Carr owed the Company £108,880 in respect of an overdrawn director's loan account. At the date of liquidation, Nigel Carr disputed the amount due for repayment, claiming that he had incurred expenses on behalf of the Company which were not accounted for in the Company's records.
- 2.19 Both the Joint Liquidators and Nigel Carr instructed solicitors to advise in respect of his indebtedness to the Company. In addition to disputed expenses; Mr Carr also claimed he was entitled to accrued and unpaid holiday pay and redundancy pay as an employee of the Company. He sought to set off these amounts, which he claimed totalled £106,665, against the directors' loan account.
- 2.20 We compiled all relevant information from the Company's records and its bank statements to evidence the liability due and determined that it was due jointly and severally from Mr and Mrs Carr. We instructed Bermans to make demand on them for the full balance owing as per the Company's records. We worked with Bermans and disputed Mr Carr's claims on the basis of information obtained from the Company's records and the provisions of the Insolvency Act 1986.
- 2.21 Outside of this reporting period we have reached an agreement to settle the Company's claims against its directors Mr and Mrs Carr and the connected Company Pigley Stairs Ltd including the Directors' Loan Account. Full details of the Agreement are set out in sections 2.26 to 2.30 of this report and funds will be paid outside of this reporting period.

### **Websites and Database**

- 2.22 The Company owns the domain names [leisureshoes.co.uk](http://leisureshoes.co.uk) and [kidsshoes.co.uk](http://kidsshoes.co.uk), and has a large database of previous customers' contact details. The value attributed to these assets in the Company's accounts was £29,088. The realisable value of these assets was uncertain as the value was to be determined by interest in the market once they were put up for general sale.
- 2.23 Shortly after appointment, we received an offer of £5,000 for the Company's intellectual property, including the domain names and database. This offer was rejected as it would not have met the legal costs of sale and therefore would have had no benefit to the creditors. Selling the database required specialist legal advice to ensure compliance with the Data Protection Act. There will be no former realisation on account of the database.
- 2.24 We instructed JPS to notify the domain name provider of the Company's liquidation and the Company's interest in these assets. We suspended activity on the sale of the domain names pending ongoing negotiations with the directors regarding the claims against them as we believed that the directors may have had an interest in purchasing the domain names as part of the Agreement. This was not the case.
- 2.25 We have now instructed JPS to proceed to market and sell the domain names as soon as possible.

### **Agreement with the Directors and Pigley Stairs Ltd on account of the Company's claims ("the Agreement")**

- 2.26 As set out above, we were able to determine that the Company had a number of claims against its directors and a connected Company Pigley Stairs Ltd.

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- 2.27 Although we believed that the Company had an extremely strong case to pursue all claims, we were bound to consider the inherent risks and likely costs of litigation if settlement could not be agreed. Bermans estimated that the costs of litigation to recover the claims was in the region of £30,000.
- 2.28 After taking account these estimated costs, together with an allowance in respect of specific unpaid expenses and employee claims that we determined were reasonable, we reached a commercial agreement to accept £73,278.04, from the directors. We calculated this as follows:

Description	Amount £
Unpaid share capital	5,234.11
Director's loan account	108,880.32
Pigley intercompany loan account	9,771.00
<b>Maximum Claim</b>	<b>123,885.43</b>
Less: litigation costs	(30,000.00)
Less: allowance for unpaid expenses and employee claims	(20,607.39)
<b>Settlement Agreement</b>	<b>73,278.04</b>

The Agreement was signed between the Company, Nigel Carr, Lorraine Carr and Pigley on 16 May 2017. Under the terms of the Agreement, the following payments are to be made to the Company:

Date	Amount £
18 May 2017	24,429.00
18 June 2017	24,424.52
18 July 2017	24,424.52
<b>Total</b>	<b>73,278.04</b>

- 2.29 The Agreement compromises all claims the directors have against the Company. This will reduce the level of preferential and unsecured claims in the liquidation; Nigel Carr claimed he was owed £5,971 in respect of holiday pay and £100,694 for unpaid expenses. Throughout the ongoing correspondence with Nigel Carr and his solicitor, various additional claims were made for further unpaid expenses, payments on Nigel Carr's personal credit card relating to company expenses, and unpaid redundancy pay; these have all been compromised as part of the settlement agreement. As have any claims of Lorraine Carr and Pigley against the Company.
- 2.30 We can confirm that we received payment of £20,000 on account of the payment of £24,429.00 due on 18 May 2017 and the balance of £4,429 on 19 May 2017. As this was received outside of the Period, it is not shown on our Receipts and Payments Account at **Appendix A**.

### Connected Party Transactions

- 2.31 In accordance with Statement of Insolvency Practice 13, we advise that no assets were sold to the directors of the Company during the Period.

### Investigations

- 2.32 In accordance with the Company Directors Disqualification Act 1986 we submitted a report on the conduct of the Director of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, we are not able to disclose the contents.
- 2.33 We made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or

as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any assets in addition to those set out in this report.

### **3 Creditors**

#### **Secured Creditors**

- 3.1 HSBC have the benefit of fixed and floating charges over the Company's assets under a debenture dated 22 October 2008. HSBC provided the Company with a loan and at the date of the liquidation the indebtedness to the secured creditor was estimated at £51,765. As noted in Section 2, HSBC to offset the balance held in the Company's current account against the loan amount, before they provided proof of debt of £28,819.65. Bermans Solicitors verified the validity of HSBC's security and on 25 July 2016 we declared and paid a distribution to HSBC of £28,819.65 under the terms of their fixed charge security.
- 3.2 Aldermore Invoice Finance Limited ("Aldermore") held an assignment over the Company's book debts and fixed and floating charges over the Company's assets under a debenture dated 31 January 2013. The indebtedness to the secured creditor was estimated at £18,553. After applying termination charges, the liability due to Aldermore was £20,362.32. Bermans confirmed the validity of Aldermore's termination charges and security and on 23 August 2016 we declared and paid a distribution to Aldermore of £20,362.32 under the terms of their fixed charge security.
- 3.3 We have paid both secured creditors in full under their fixed charge security, and there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors, known as the Prescribed Part, in this matter.

#### **Preferential Creditors**

- 3.4 At the date of liquidation, preferential creditor claims were estimated to total £8,054. This balance included amounts owing to the directors, whose claims against the Company have been settled in full under the Settlement Agreement disclosed in Section 2 of this report. Therefore the final value of preferential creditors is expected to be lower than originally estimated.
- 3.5 No dividend has been paid to the preferential creditors during the Period. However, we will shortly be agreeing preferential claims and expect a distribution of 100 pence in the pound to be paid within the next three months.

#### **Unsecured Creditors**

- 3.6 At the date of liquidation, unsecured creditors were estimated to total £281,279. We have received claims totalling £343,117.78 to date. Claims are yet to be formally admitted for distribution purposes.
- 3.7 We still anticipate that there will be sufficient funds to pay a dividend to unsecured creditors, however the quantum and timing such dividend depends upon completion of the asset realisations and the agreement of creditor claims.

### **4 Joint Liquidators' Remuneration**

- 4.1 At the meeting of creditors on 23 March 2016, creditors approved that the sum of £12,500 plus VAT be authorised to be paid as an expense of the liquidation to CLB Coopers in respect of the preparation of the Statement of Affairs and the convening of the meetings of members and creditors. This Statement of Affairs fee was paid on 5 October 2016.



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- 4.2 On 6 May 2016, creditors approved by postal resolution that the basis of the Joint Liquidators' remuneration be fixed as a combination of a fixed fee, as a percentage of the value of the assets realised and as a percentage of the funds distributed to the preferential and non-preferential creditors, as follows:

- A fixed fee of £10,000 to deal with the administration and statutory compliance tasks of the liquidation;
- A fee of 20% of total asset realisations; and
- A fee of 10% of funds distributed to the preferential and non-preferential creditors.

All fees charged will be subject to VAT at the appropriate rate.

- 4.3 Our fees information was provided to creditors when the basis of our remuneration was approved and was based on information available at that time. We chose to ask that creditors approve that remuneration be calculated largely on the basis of a percentage of realisations and distributions to align our remuneration with the outcome for creditors which we believed to be fair and reasonable in the circumstances. An alternative would have been to calculate fees on the basis of time costs. The valuable assets in this case related to claims against the directors and connected parties that were disputed; therefore it would have been extremely difficult to estimate the time costs to resolve the dispute. There was a real risk that time costs could escalate and affect the outcome for creditors. This risk has been limited by the current fee calculation basis. The percentage values used reflect the nature of the assets, and balance the risks fairly between creditors and the office holders. As a comparison, our current time costs to date are £47,301 representing 255 hours at an average rate of £185.49 per hour.

- 4.4 The table below sets out the amounts available to be drawn as the Joint Liquidators' remuneration during the Period:

Description	Calculation	Remuneration agreed £	Invoiced in Period £	Not yet paid £
£10,000.00 fixed fee	£10,000.00	10,000.00	6,003.00	3,997.00
20% of asset realisations	20% of £91,988.67	18,397.73	0.00	18,397.73
10 % of creditor distributions	10% of £49,181.97	4,918.20	0.00	4,918.20
<b>Total</b>		<b>33,315.93</b>	<b>6,003.00</b>	<b>27,312.93</b>

- 4.5 During the Period, Joint Liquidators' Remuneration of £6,003.00 has been paid against total approved remuneration of £33,315.93.

- 4.6 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from [clbcoopers.co.uk](http://clbcoopers.co.uk).

- 4.7 Attached as **Appendix B** is additional information in relation to the Joint Liquidators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

## 5 Creditors' Rights

- 5.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.

- 5.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidators, as set out in this progress report, are excessive.

**6 Next Report**

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



**Diane Hill**  
**Joint Liquidator**

**Shoes.Co.Uk Ltd**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**  
**To 22/03/2017**

<b>S of A £</b>		<b>£</b>	<b>£</b>
	<b>FIXED CHARGE ASSETS</b>		
24,328.00	Cash Held by HSBC Bank	NIL	
75,000.00	Uncalled Share Capital	69,765.89	
(51,765.00)	HSBC Bank Plc	(28,819.65)	
			40,946.24
	<b>FIXED CHARGE CREDITORS</b>		
(18,553.00)	Aldermore Invoice Finance Limited	20,362.32	
			(20,362.32)
	<b>ASSET REALISATIONS</b>		
100.00	Furniture & Equipment	NIL	
11,250.00	Stock	18,900.76	
	Other Debtors	2,500.00	
95.00	VAT Refund	NIL	
Uncertain	Rent Deposit	822.02	
Uncertain	Intercompany Loan Account	NIL	
Uncertain	Directors Loan Account	NIL	
Uncertain	Websites and Database	NIL	
			22,222.78
	<b>COST OF REALISATIONS</b>		
	Statement of Affairs Fee	12,500.00	
	Joint Liquidators' Remuneration	6,003.00	
	Joint Liquidators' Expenses	796.16	
	Agents/Valuers Fees and Expenses	9,771.77	
	Bank Charges	46.00	
			(29,116.93)
	<b>PREFERENTIAL CREDITORS</b>		
(8,054.00)	Employees - Holiday Pay	NIL	
			NIL
	<b>UNSECURED CREDITORS</b>		
(227,148.00)	Trade & Expense Creditors	NIL	
(33,574.00)	Employees - Redundancy & PILON	NIL	
(10,000.00)	Customer Refunds (estimate)	NIL	
(5,000.00)	PayPal Loan (estimate)	NIL	
(1,250.00)	HM Revenue & Customs - PAYE	NIL	
(4,307.00)	Debenhams Direct	NIL	
			NIL
	<b>CAPITAL</b>		
(150,000.00)	Ordinary Shares	NIL	
			NIL
<b>(398,878.00)</b>			<b>13,689.77</b>
	<b>REPRESENTED BY</b>		
	VAT Receivable		1,950.82
	Current Account		13,477.16
	VAT Payable		(1,738.21)

13,689.77



Diane Elizabeth Hill  
Joint Liquidator

## Appendix B

### Additional Information in Relation to the Joint Liquidators' Fees, Expenses & Disbursements

#### 1. Work undertaken by the Joint Liquidators

Under insolvency legislation the Joint Liquidators must comply with certain statutory compliance requirements which may not bring any direct financial benefit to the creditors of the Company. During the Period, we have undertaken the following tasks:

##### Administration (including statutory compliance and reporting)

- Notified the creditors of the Joint Liquidators' appointment and dealt with other associated appointment formalities including statutory advertising and filing relevant statutory notices at Companies House;
- Complied with statutory duties in respect of the Joint Liquidators' specific penalty bond;
- Created and updated case files on the firm's insolvency software;
- Redirected the Company's mail to the Joint Liquidators' office;
- Secured the Company's books and records;
- Completed and filed of the notice of the Company's insolvency to HMRC;
- Completed the initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA), including a review of the Company's books and records;
- Filed a statutory return to the Department for Business, Innovation and Skills under the CDDA;
- Completed periodic case progression reviews at the end of Month 1 and Month 6 of our appointment;
- Opened, maintained and managed the liquidation estate cashbook and bank account;
- Dealt with all post-appointment VAT compliance;
- Liaised with secured creditors, obtained charge documents and validated the security; and
- Dealt with former employees to provide support and assistance in lodging any claims they may have been entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company.

##### Realisation of Assets

Tasks undertaken by the Joint Liquidators in respect of realising the assets of the Company are fully explained in Section 2 of the main body of this report.

##### Creditors

- Logged and recorded creditor claims received on the firm's insolvency software;
- Answered creditor queries arising out of the Company's liquidation;
- Dealt with 16 retention of title claims received from creditors;
- Further investigated the unsecured creditor claim of Debenhams Plc; and
- Declared and paid distributions to HSBC and Aldermore under their fixed charge security.

#### 2. Staff Allocation and the Use of Sub-Contractors

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

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

We are not proposing to utilise the services of any sub-contractors in this case.

### 3. Professional Advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
JPS Chartered Surveyors ("JPS")	Hourly rate, percentage of assets sold and disbursements
Bermans LLP ("Bermans")	Hourly rate and disbursements

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

### 4. Joint Liquidators' Expenses & Disbursements

The estimate of expenses (including disbursements) which were anticipated at the outset of the liquidation was provided to creditors when the basis of my fees were approved, a copy of which is set out below:

Expense	Estimated cost £
Agents' costs for JPS	4,350.50
Solicitors' costs for Bermans	4,550.00
Statutory advertising	380.00
Re-direction of the Company's mail	160.00
Specific penalty bond	312.00
<b>Total</b>	<b>9,752.50</b>

### 5. Current position of Joint Liquidators' Expenses

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

	Paid in the Period £	Incurred but not Paid in the Period £	Total anticipated cost £
Agents' costs – JPS	9,771.77	0.00	12,500.00
Solicitors' costs - Bermans	0.00	10,316.00	11,000.00
Statutory advertising	289.00	0.00	365.00
Re-direction of the Company's mail	175.00	0.00	175.00
Specific penalty bond	312.00	0.00	312.00
Bank Charges	46.00	0.00	46.00
Travel (category 2)	20.16	0.00	20.16

The fees of JPS have exceeded the initial estimate as JPS are remunerated on a commission basis. As stock realisations have been higher than originally estimated, JPS's costs are higher. We now anticipate that the fees and disbursements of JPS will be in the region of £12,500.

The fees of Bermans have exceeded the initial estimate as Bermans have spent considerably more time in pursuing Nigel Carr for the unpaid share capital and overdrawn director's loan account than originally estimated. Their costs are now anticipated to total £11,000.00.

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

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidators' fees were approved by creditors.

On 6 May 2016, creditors approved by postal resolution that the Joint Liquidators' may draw Category 2 disbursements at their firms published rates. Travel costs of £20.16 were incurred and paid during the period.