

The Insolvency Act 1986

**Notice of move from
administration to dissolution****2.35B**

Name of Company Propeller Holdings Limited

Company Number 06441215

In the High Court of Justice, Newcastle upon Tyne District Registry [full name of court]

Court case number (For court use only) 132 of 2014

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

We ^(a)
Ian Schofield of BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

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

Francis Graham Newton of BDO LLP, 1 Bridgewater Place, Leeds, LS11 5RU

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

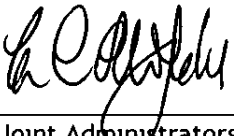
(c) Insert date of
appointment

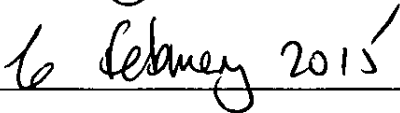
on ^(c) 10 February 2014 by ^(d) Centric SPV 1 Limited

(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

We attach a copy of the final progress report

Signed 
For the Joint Administrators

Dated  16 February 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

Ian Schofield

1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Tel 01132 443 839

DX Number

DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



A18

A40QFHAP
07/02/2015 #235
COMPANIES HOUSE

SATURDAY

TO ALL KNOWN CREDITORS AND MEMBERS**Private and Confidential**

6 February 2015

Our ref: PROPGB/ICS/KB/PJ

Dear Sirs

Propeller Holdings Limited
Propeller Technologies Limited
Both in Administration ("the Companies")
Joint Administrators Final Progress Report in accordance with Rule 2.110(2) of the Insolvency Rules 1986

COMPANIES HOUSE

Introduction

In order to comply with Rule 2.47 and 2.110(2) of the Insolvency Rules 1986, I report the additional information below on the final progress of the above administrations for the period 10 February 2014 to 2 February 2015, in combination with my attached progress report dated 4 February 2015.

Summarised Proposals

In accordance with Paragraph 49 of the Schedule B1 of the Insolvency Act 1986, I C Schofield and F G Newton the Joint Administrators of the Companies, made to the creditors the following proposals for achieving the purposes of the administrations for the Companies.

I can confirm that there have been no amendments or deviations from the Joint Administrators proposals below.

The Joint Administrators propose

- (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 Companies 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 Companies into creditors voluntary liquidation pursuant to Paragraph 83 of 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 Companies 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 of 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 Companies pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.
- (vi) That the Joint Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 of 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

Assets and Liabilities

There have been no asset realisations in either of the Companies

Dividend Prospects

There has been no distribution to any class of creditor in respect of the Companies

Dissolution

In accordance with the Joint Administrators proposals, it is now my intention to file at Companies House, Form 2 35B a Notice of move from Administration to Dissolution for the Companies.

Should you require any further information please contact Philip Jordan on 0113 290 6127

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

Yours faithfully
For and on behalf of the Companies


I C Schofield
Joint Administrator

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



TO ALL KNOWN CREDITORS AND MEMBERS

4 February 2015

Private and Confidential

Our Ref 239457/ICS/AMR/C

Please ask for Philip Jordan
Tel: 0113 290 6127
Email philip.jordan@bdo.co.uk

Dear Sirs

Propeller (GB) Limited ("GB")
Propeller Holdings Limited ("Holdings")
Propeller Technologies Limited ("Technologies")
All in Administration ("the Companies")
Joint Administrators Progress Report in accordance with Rule 2.47 of the Insolvency Rules 1986

1. Introduction

- 1.1 As you will recall, Ian Schofield and Graham Newton were appointed Joint Administrators of the above Companies on 10 February 2014 following an application made by the qualifying floating charge holder of the Companies, Centric Commercial Finance ("Centric"), pursuant to Paragraph 14 of Schedule B1 to the Insolvency Act 1986
- 1.2 In order to comply with Rule 2.47 of the Insolvency Rules 1986, the Joint Administrators are now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.
- 1.3 We would specifically draw your attention to Section 8 in relation to the Extension of the Administration of GB.
- 1.4 Please note that that we do not intend to report in detail on matters previously disclosed. This report covers the period 10 August 2014 to 2 February 2015 and should therefore be read in conjunction with the Joint Administrators' previous progress report dated 9 September 2014.
- 1.5 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.
- 1.6 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
- 1.7 Statutory details for each 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 GB as at 2 February 2015 is attached at Appendix 2. There have been no realisations in Holdings or Technologies.

3.2 Further comments as regards the assets and liabilities are detailed below

Trade debtors

3.3 There have been no further debtor collections since the Joint Administrators previous report and therefore recoveries remain at £764,330

3.4 The debt collection exercise is complete and the overall position can be summarised as follows:

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

Fixtures and Fittings

3.5 Fixtures and fittings were valued by GoIndustry at approximately £4,000. However, a significant amount of these assets have subsequently been found to be subject to third party agreements. Total realisations of £800 have been achieved in respect of assets owned by the Companies, which is lower than initially expected. No further recoveries are anticipated.

Stock

3.6 Realisations from the sale of stock total £62,740. These funds have been received in full and no further recoveries are anticipated.

3.7 You will recall that, following the vacation of the Companies premises, stock was transferred to a third party warehouse. Whilst being stored there, certain stock with a book value of some £14,000 went missing. The circumstances surrounding the disappearance of this stock have continue to be investigated by GoIndustry who are considering possible legal action as regards the Companies claim.

Intellectual Property

3.8 You will recall that on 1 July 2013, Intellectual Property ("IP") in the name of Holdings and GB was transferred to One MRO Limited ("MRO"). MRO subsequently changed its name to Tbox Technologies Limited ("Tbox").

- 3.9 Since the previous report the Joint Administrators have continued to liaise with Tbox in an effort to secure value in respect of the IP transferred. Notwithstanding this, there have been no recoveries made to date. The Joint Administrators have therefore concluded that due to the estimated nominal value of the IP it is not cost effective to continue pursuing this matter further.

Directors Loan Account

- 3.10 There has been no further communication from Carl Brookes in respect of his overdrawn director's loan account. Due to the relatively low value of this asset (£5,175), the Joint Administrators have also concluded that it would not be cost effective to pursue this potential asset further.

Secured creditors

Centric

- 3.11 Centric have received total funds of £764,330 against their lending to the Companies and have therefore suffered a shortfall on the region of £8,000. No further payments are anticipated to be made to Centric.

Finance Wales Capital ("FW")

- 3.12 FW is owed in excess of £1,000,000 and there will be no funds available to FW in respect of its investment in the Companies.

Preferential and unsecured creditors

- 3.13 Based on current information, there is no prospect of a distribution to either the preferential or unsecured creditors of the Companies.

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. No fees in respect of this have however been paid to date.

Debtor Realisation Costs

- 4.2 Fees of £15,000 have been approved by Centric in respect of work completed by the Receivables Management Team with regards to the debt collection exercise. These fees have been paid direct 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.

- 4.4 The Joint Administrators time costs for dealing with the Administrations of the three Companies as at 2 February 2015 total £145,379 which represents 722 hours at an average hourly rate of £201.

The Joint Administrators time costs for dealing with the Administrations of the three Companies for the period 10 August 2014 to 2 February 2015 total £18,220 which represents 87 hours at an average hourly rate of £209. Summaries of the Joint Administrators time costs for the above periods are attached at Appendix 4.

- 4.5 Fees of £50,000 have been paid to date on account of these time costs.
- 4.6 These amounts are derived by reference to BDO LLP's normal rates for time properly given by the Joint Administrators and their staff in attending to matters arising in the Administrations. Where members of the Joint Administrators staff have been employed on these insolvencies they have been so based on their experience and abilities in dealing with cases of this nature. Where appropriate, certain staff have dealt with a specific area of the Administrations due to their specialist skills in those areas.
- 4.7 All staff who have worked on these assignments, including cashiers and secretarial staff, have charged time directly to the assignments and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignments 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 administrations.
- 4.8 Given that the Joint Administrators anticipate 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 Administrations.
- 4.9 A creditors' guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees is attached at Appendix 5.
- 4.10 The Joint Administrators have also incurred disbursements on behalf of the Companies totalling £2,019 as at 2 February 2015, which are detailed below.

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

- 4.11 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.
- 4.12 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.

- 4.13 Centric and FW have also approved payment of Category 2 disbursements. These have been paid in full.
- 4.14 A schedule of office-holders' normal charge-out rates and disbursements are attached at Appendix 6.
- 4.15 Any unsecured creditor with the concurrence of at least 5% in value of the total unsecured creditors (including the value of their own claim) or with the permission of the Court, or any secured creditor may make a formal request in writing to the Joint Administrators for further information about the remuneration or expenses (other than pre-administration costs) set out in this report. Such a request must be made within 21 days from the date of receipt of this progress report.
- 4.16 Additionally, creditors who believe that the Joint Administrators remuneration is, in the circumstances, excessive or inappropriate may apply to the Court under the provisions of Rule 2.109 of the Insolvency Rules 1986. Such application may be made by 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.
- 4.17 The application must, subject to any order of the Court under Rule 2.48A(4) of the Insolvency Rules 1986, 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.
- 4.18 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

- 4.19 Since the previous report, the Joint Administrators have agreed that GoIndustry can be paid a fee of £13,500 for their advice in respect of these administrations, although this has not yet been paid.
- 4.20 GoIndustry have however been paid £7,991 in respect of disbursements that they have incurred.
- 4.21 The Joint Administrators solicitors, Bond Dickinson LLP ("BD"), are to be 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.
- 4.22 BD has been paid the following amounts:

	£
Time costs	8,900
Disbursements	179
Total	<u>9,079</u>

- 4.23 No further fees are anticipated to be paid to BD.

5 Joint Administrators Proposals

- 5.1 In accordance with Rule 2.33(5) of the Insolvency Rules, the Joint Administrators proposals were deemed to have been approved with effect from 22 April 2014.

6 Proposed exit route

- 6.1 The Joint Administrators propose the following three possible exit routes from administration for each of the Companies which are detailed below:
- 6.2 Each outcome forms part of the Joint Administrators proposals and whilst all may be approved for each of the Companies, only one will be actioned, depending on the circumstances:
- i) In the event that there are sufficient funds available to enable a return to the unsecured creditors of the company, the Joint Administrators be empowered to place the company into creditors voluntary liquidation, seeking their own appointment as Liquidators of the company, or
 - ii) subject to the provisions of Paragraph 79 of Schedule B1 to the Insolvency Act 1986 an application will be made to the court to end the administration and for the company to be compulsorily wound-up. The Joint Administrators may, if they so desire, request that they be appointed Joint Liquidators. In this event and under Rule 4.127(5A) the basis of remuneration fixed in the administration will apply in the subsequent liquidation, or
 - (i) in the event that exit routes (i) and (ii) above are inappropriate or unavailable, the Joint Administrators be empowered to make the necessary arrangements for the company to be dissolved in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 on completion of their duties.

7 Joint Administrators discharge

- 7.1 It is standard practice for Administrators to seek a discharge from liability for any action taken by them during the course of an Administration, following the termination of the Administration for each of the Companies.
- 7.2 Granting the Administrators discharge does not prevent any creditor of the Companies 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 Companies or has otherwise made the Joint Administrators guilty of misfeasance
- 7.3 The Joint Administrators are not currently aware of any issue that may result in such an application to Court.
- 7.4 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.
- 7.5 Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 requires that the Joint Administrators discharge is approved by the secured creditor. The Joint Administrators will write further to the secured creditor in this regard

8 Extension of the Administration for GB

8.1 It was the intention of the Joint Administrators to move to a dissolution of the Company prior to the anniversary. However due to an outstanding matter regarding the missing stock the Joint Administrators have had no alternative but to seek an extension of the Administration for a further 6 months pursuant to Paragraphs 76(2) and 78(2) of Schedule B1 of the Insolvency Act 1986.

8.2 Given that there is no prospect of a dividend to preferential creditors, the Joint Administrators required the approval of the secured creditors in order to extend the Administration. It has been resolved by secured creditors that the Administration be extended by consent to 9 August 2015.

8.3 The Joint Administrators shall seek to bring the Administration to a close as soon as practical.

9 Dissolution of Holdings and Technologies

9.1 In accordance with the Joint Administrators proposals, the necessary returns will be filed with the Registrar of Companies to have Holdings and Technologies moved from Administration to Dissolution in accordance with paragraph 84 of schedule B1 of the Insolvency Act 1986.

10 Other Matters

10.1 Should you require any further information please contact Philip Jordan on 0113 290 6127.

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

Yours faithfully
For and on behalf of the Companies



I C Schofield & F G Newton
Joint Administrators

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

Appendix 1 - Statutory information

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

Appendix 1 - Statutory Information


Company Name	Propeller Holdings Limited		
Company Number	06441215		
Court Details	High Court of Justice, Chancery Division, Newcastle Upon Tyne District Registry		
Court Number	0132 of 2014		
Administrators details	<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 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>		
Trading Address	<p>362B Dukesway Team Valley Trading Estate Gateshead NE11 0PZ</p>		
Registered Office	<p>Bridgewater Place Water Lane Leeds LS11 5RU</p>		
Former Registered Office	<p>362B Dukesway Team Valley Trading Estate Gateshead NE11 0PZ</p>		
Directors	<p>David Pearson Philip Upton Carl Brookes Anthony Goodwin (Resigned 25/03/13) (Filed 13/02/14)</p>		
Shareholdings		<p>Ordinary 1pence shares</p>	<p>Preference 1pence Shares</p>
	Carl Brookes	7,600	-
	Anthony Goodwin	7,600	-
	Philip Upton	3,600	-
	North East Growth 500 Plus LP	-	2,112
Financiers	<p>Centric Commercial Finance Finance Wales Capital</p>		

Appendix 1 - Statutory information

Company Name	Propeller Technologies Limited	
Company Number	06599345	
Court Details	High Court of Justice, Chancery Division, Newcastle Upon Tyne District Registry	
Court Number	0131 of 2014	
Administrators details	Ian C Schofield BDO LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU Appointed 10/02/2014	
	Francis G Newton BDO LLP Bridgewater Place, Water Lane, Leeds, LS11 5RU Appointed. 10/02/2014	
	The Joint Administrators are to act jointly and severally in all matters relating to the administration	
Trading Address	362B Dukesway Team Valley Trading Estate Gateshead NE11 0PZ	
Registered Office	Bridgewater Place Water Lane Leeds LS11 5RU	
Former Registered Office	362B Dukesway Team Valley Trading Estate Gateshead NE11 0PZ	
Directors	David Pearson Philip Upton Carl Brookes Anthony Goodwin (Resigned 25/03/13)	
Shareholdings	Propeller Holdings Limited	Ordinary £1 shares 1
Financiers	Centric Commercial Finance Finance Wales Capital	

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

Statement of Affairs		From 10/08/2014 To 02/02/2015	From 10/02/2014 To 02/02/2015
	GENERAL FIXED CHARGE		
895,000.00	Book Debts	NIL	NIL
(726,142.00)	Chargeholder	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	MOTOR VEHICLES		
40,000.00	Subject to a charge	NIL	NIL
(75,000.00)	Chargeholder	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	ASSET REALISATIONS		
20,000 00	Furniture & Equipment	800.00	800.00
300,000 00	Stock	37,971.72	62,739.82
	Book Debts	NIL	56,914.00
	Sundry	NIL	270.57
	Bank Interest Gross	17.92	34.75
5,175 00	Directors loan	NIL	NIL
		<u>38,789.64</u>	<u>120,759.14</u>
	COST OF REALISATIONS		
	Agents/ Valuers Disbursements	7,991.27	7,991.27
	Administrators Fees	50,500 00	50,500.00
	Administrators Disbursements	2,019.48	2,019.48
	IT Consultant	NIL	900.00
	Book-keeping services	NIL	1,100.00
	Retention of Title	4,445.66	4,445.66
	Legal Fees	4,400.00	8,900.00
	Legal Disbursements	120.00	179.00
	Publicity	NIL	509.76
	Non-Reclaimable VAT	NIL	119 52
	Stationery & Postage	227 66	949.38
	Storage Costs	71 76	645 98
	Re-Direction of Mail	NIL	585.00
	Statutory Advertising	NIL	227.46
	Insurance of Assets	245 80	1,346.95
	Bank Charges	NIL	25.00
		<u>(70,021.63)</u>	<u>(80,444.46)</u>
459,033.00		<u>(31,231.99)</u>	<u>40,314.68</u>
	REPRESENTED BY		
	VAT Receivable		4,830.86
	Bank 1 - Current		35,653.36
	Vat Control Account		783.96
	Suspense Account		(953.50)
			<u>40,314.68</u>



Ian Schofield
Joint Administrator

Summary of Time Charged and Rates Applicable for the period 10 February 2014 to 2 February 2015

CHESNUTDALE LUTHERAN CHURCH 151.53754611

Summary of Time Charged and Rates Applicable for the period 9 August 2014 to 2 February 2015

J Distributions and Closure Total



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 sub-contracted 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



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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:



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- 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.

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

Appendix 5 - A schedule of office holder's normal charge-out rates and disbursement

BDO LLP

Schedule of Office Holders' Normal Charge-Out Rates and Disbursements

Normal Charge-Out Rates

The table detailed below sets out the hourly charge-out rates utilised by BDO LLP in the North Region for charging staff time

Job Title	Hourly Rates £
	As from 11 May 2013
Partner	461
Director	319-356
Senior Manager	271-295
Manager	203-230
Senior Administrator/Administrator/Assistant Administrator	64-183
Secretarial	63

It should be noted that the above rates change from time to time over the period of the administration of each insolvency case.

The rates charged by BDO LLP 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 officeholders' 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.

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.