



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 6 5 0 6 9 7 9

Company name in full SMOKE CLUB LIMITED

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) STEPHEN PAUL

Surname GRANT

### 3 Administrator's address

Building name/number 2ND FLOOR REGIS HOUSE

Street 45 KING WILLIAM STREET

Post town LONDON

County/Region

Postcode E C 4 R 9 A N

Country

### 4 Administrator's name ①

Full forename(s) MEGHAN

Surname ANDREWS

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 2ND FLOOR REGIS HOUSE

Street 45 KING WILLIAM STREET

Post town LONDON

County/Region

Postcode E C 4 R 9 A N

Country

② Other administrator

Use this section to tell us about  
another administrator.

AM10

Notice of administrator's progress report

**6** Period of progress report

From date	d	1	d	0	m	0	m	2	y	2	y	0	y	2	y	1
To date	d	0	d	9	m	0	m	8	y	2	y	0	y	2	y	1

**7** Progress report

☒ I attach a copy of the progress report

**8** Sign and date

Administrator's  
signature

Signature

X *[Handwritten Signature]*

X

Signature date

d	0	d	7	m	0	m	9	y	2	y	0	y	2	y	1
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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **EMMA O'BRYAN**

Company name **AZETS HOLDINGS LIMITED**

Address **2ND FLOOR REGIS HOUSE**

**45 KING WILLIAM HOUSE**

Post town **LONDON**

County/Region

Postcode 

E	C	4	R		9	A	N
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Country

DX

Telephone **020 7403 1877**

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

**All information on this form will appear on the public record.**

**Where to send**

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Smoke Club Limited t/a 'Cable' and 'Relay' - In Administration**

**Joint Administrators' Progress Report for the Period 10 February 2021 to 9 August 2021**

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## **APPENDICES**

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## **1 Introduction**

Please note that on 7 September 2020, Baldwins Holdings Limited, which traded as Wilkins Kennedy, changed its name to Azets Holdings Limited and now trades as Azets. Any references in this report to Azets should be read as reference to Wilkins Kennedy as appropriate.

Anthony Malcolm Cork and Stephen Paul Grant were appointed as Joint Administrators of Smoke Club Limited ("the Company") on 10 August 2016. The appointment was made by JSO Financial Services Limited ("JSO") in its capacity as a qualifying floating charge holder. The Administration is registered in the High Court of Justice under reference number 4692 of 2016.

As previously advised, on 5 June 2020, Anthony Malcolm Cork was replaced by way of Court Order as Joint Administrator by Meghan Andrews (IP Number: 24110) of Azets, 2nd Floor Regis House, 45 King William Street, London, EC4R 9AN, following his departure from the firm.

The Company's former trading address was 33 Bermondsey Street, London, SE1 3JW and it previously traded as "Cable" and "Relay". The former registered office of the Company was c/o Wise & Co, The Old Star, Church Street, Princes Risborough, Buckinghamshire, HP27 9AA and has been changed to 2nd Floor Regis House, 45 King William Street, London, EC4R 9AN. The Company's registered number is 06506979.

The Joint Administrators are required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 10 February 2021 to 9 August 2021 ("the Period") and should be read in conjunction with the Joint Administrators' proposals report and any previous progress reports which have been issued in this matter.

Information about the way that the Joint Administrators will use, and store personal data on insolvency appointments can be found at <https://www.azets.co.uk/about-us/privacy-cookie-policy/>. If you are unable to download this, please contact us and a hard copy will be provided to you.

## **2 Receipts and Payments**

At Appendix A is a copy of the Joint Administrators Receipts and Payments Account covering the Period of this report, which includes a cumulative Receipts and Payments Account from the date of Administration to 9 August 2021.

As at 9 August 2021 a total of £13,193.86 was held in the Liquidation account. This account is held with Metro Bank plc, is non-interest bearing and has been reconciled to the bank statements.

In Section 3 below, you will find an update on the progress made during the Period in realising the Company's assets and dealing with its affairs.

## **3 Progress of the Administration**

You may recall that the statutory objective being pursued in the Administration was to rescue the Company as a going concern. In addition to the pursuance of this statutory objective, the Joint Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.

This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Joint Administrators under other related legislation.

### ***Administration (including statutory compliance & reporting)***

As noted above, the Joint Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that it was anticipated would need to be completed in this area was outlined in the initial fees information which was included in the Joint Administrators' Report and Proposals and previously agreed by creditors.

The work undertaken in the Period in this regard can be summarised as follows:

- Preparing and circulating the Joint Administrators' progress report for the period ended 9 February 2021;
- Filing a copy of the Joint Administrators' progress report for the period ended 9 February 2021 with the Registrar of Companies;
- Dealing with routine correspondence;
- Maintaining physical case files and electronic case details on IPS (case management software);
- Undertaking periodic review of the progress of the case;
- Reviewing the adequacy of the specific penalty bond on a quarterly basis;
- Case planning, administration, and general case progression, including adjustments in appointment strategy;
- Maintaining and managing the appointment's cashbook and bank accounts;
- Ensuring statutory tax lodgements and obligations are met; and
- Overseeing and controlling the work undertaken on the case by case administrators.

As noted in the initial fees information, this work will not necessarily bring any financial benefit to creditors but is required on every case by statute.

### ***Realisation of Assets***

#### ***Claim against Network Rail Infrastructure Limited ("Network Rail")***

As creditors will be aware from the previous reports to creditors, the only asset that remains to be dealt with in the Administration is the Company's claim against Network Rail.

Following on from the preliminary trial in January 2021, judgment was handed down by the Upper Tribunal (Lords Chamber) on 31 March 2021 which concluded that the Company has a compensatable claim against Network Rail.

Upon receipt of this judgement, the next stage of the claims process was to quantify the Company's claim by reference to the value of its loss which required the instruction of a specialist forensic accountant to prepare a report on the same.

As previously reported, Mr Robert Doyle has been funding the costs associated with pursuing the claim against Network Rail on the basis that he would be reimbursed when funds become available in the Administration. Due to the level of costs already funded and the estimated quantum of the costs to be incurred in relation to the next stage in the process, including the costs of the forensic accounts report, Counsel's fees and further legal fees, during the Period Mr Doyle confirmed that he was no longer willing to fund these costs.

In light of this Henderson & Jones and Manolete Partners plc ("Manolete"), specialist insolvency litigation funders were approached to purchase the claim from the Company or to fund the next stage of the legal action against Network Rail.

Whilst no formal offer was received from Henderson and Jones, Manolete provided details of their proposal to fund the litigation. In addition to Manolete's proposal, Kaymont Financing Limited ("KFL") put forward a proposal for funding.

The basis of the success fee for both Manolete and KFL's funding proposals was a percentage of the net proceeds of the final award granted. Upon receipt of the proposals, the Joint Administrators reviewed and analysed the likely outcome for the Company in various scenarios to establish which proposal resulted in a better outcome for the Company and its creditors, assuming a certain level of realisations. The Joint Administrators also had to consider the structure of each proposal, the parties involved and the ability of each party to settle any adverse costs award, in the unlikely event that such an order was made.

The Joint Administrators sought advice from the solicitors instructed in this matter and forensic accountants within Azets when comparing the two funding offers, before making the decision to proceed with the offer from KFL.

Once the litigation funding agreement was in place, a specialist forensic accountant at Quantum Advisory Limited was instructed by WSM (Solicitors) LLP to prepare the required report to quantify the value of the Company's compensatable claim.

Upon receipt of this report, a revised statement of case was submitted to the Upper Tribunal regarding the quantum of the Company's claim.

The next stage of the process is for Network Rail to provide a response to the revised statement of case and the deadline for this response is 10 September 2021.

Details of the quantum of the Company's claim have not been provided so as not to prejudice the outcome of the legal action, however, I would advise that the Company's claim is substantial and whilst not accepted by Network Rail, would result in a significant recovery for the Company's creditors and shareholder.

It is anticipated that the work the Joint Administrators and their staff have undertaken to date will bring a financial benefit to creditors and ultimately, will enable the statutory purpose of the Administration to be achieved.

#### ***Creditors (claims and distributions)***

The Joint Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture. Separate reporting has not been required in this case.

Work undertaken by the Joint Administrators in dealing with a company's creditors may only bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however the Joint Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Joint Administrators in dealing with those claims.

More information on the anticipated outcome for all classes of creditor in this case can be found in Section 4 below.



## **Investigations**

You may recall from the first progress report to creditors that some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA 1986") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations, and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that can be pursued for the benefit of creditors.

The Joint Administrators' report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986 was submitted during the first six month period of the Administration and is confidential.

Since the Joint Administrators' last progress report we would advise that no further matters for investigation have come to light that may be pursued for the benefit of creditors.

## **Outstanding Matters**

The following matters remain to be dealt with in the Administration:

- Continue to pursue the claim against Network Rail;
- Submit post-Administration VAT and Corporation Tax returns;
- Prepare and circulate the Joint Administrators' six monthly progress reports to creditors;
- Such action as may be required to deal with creditors' claims upon the conclusion of the claim against Network Rail;
- Prepare periodic case reviews, including a closure review once the Administration is ready to be closed; and
- Circulate a final report to creditors upon all matters in the Administration being finalised.

In the event that the claim against Network Rail has not concluded by 10 August 2022, a further extension of the Administration may be required.

## **4 Estimated Outcome for Creditors**

### ***Secured Creditors***

The following charges are registered at Companies House and were showing as outstanding immediately prior to the date of Administration:

<i>Chargeholder</i>	<i>Type of Charge</i>	<i>Date Created</i>	<i>Date Registered</i>
JSO	Floating	8 August 2016	9 August 2016
KFL	Fixed and Floating	15 April 2013	29 April 2013

At the date of Administration, the indebtedness to JSO was £2,340.00 and a claim in this amount has been received in the Administration.

The indebtedness to KFL at the date of Administration was £3,128,890.00. As detailed in the Joint Administrators' previous progress reports, following a review of the security documentation, it was determined that the charge was not valid and as such, KFL's claim in the Administration ranks as unsecured.

### ***Prescribed Part***

Section 176A(1)(a) of the Insolvency Act 1986 requires that, where the Company has created a floating charge after 15 September 2003, the Joint Administrators are required to create a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating

charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. "Net property" means the amount which would, were it not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of the liquidation).

The prescribed part is calculated as follows:

- 50% of the first £10,000.00 of the net property; and
- 20% of the remaining net property up to a maximum of £600,000.00.

As the Company granted a floating charge to JSO after 15 September 2003, the prescribed part provisions do apply in this case. The quantum of the Company's assets has not yet been determined so it is not possible to estimate the value of the Company's net property or Prescribed Part.

### ***Preferential Creditors***

The only preferential creditors of a company are the former employees for arrears of wages accrued in the four months prior to the commencement of the Liquidation and up to a maximum of £800.00, holiday pay and unpaid pension contributions (up to statutory limits) and the Redundancy Payments Service ("RPS") for any payments made to employees from the National Insurance Fund in this respect.

The Statement of Affairs did not detail any preferential employee liabilities and it was not anticipated that any preferential claims would be received in the Administration.

During the Period, the Joint Administrators have been contacted by a former employee of the Company in respect of monies due in relation to arrears of wages. No supporting documentation has been received in relation to this claim, however based on the time between the employee's employment ending and the date of Administration, any funds that may be due will rank as an unsecured claim in the Administration.

### ***Unsecured Creditors***

Claims totalling £5,865,826.51 have been received from 7 creditors. The Statement of Affairs anticipated claims of £327,164.79 from 4 creditors.

The difference in the claims anticipated and those received can be attributed to the claim of KLS being an unsecured claim rather than secured. Three claims totalling £2,404,456.73 have also been received from creditors who were not detailed on the Statement of Affairs.

Claims have not been reviewed or agreed for dividend purposes as asset realisations have not yet been completed and there are currently insufficient funds to declare and pay a dividend to any class of creditor.

The Joint Administrators do not have the power to declare or pay a dividend to the unsecured creditors without first obtaining a court order to do so and therefore they do not intend to review or agree claims until such time as the claim with Network Rail has been concluded.

## **5 Joint Administrators' Remuneration and Expenses**

### ***Joint Administrators' Remuneration***

The basis of the Joint Administrators' fees was authorised by the unsecured creditors to be drawn as a fixed fee of £10,000.00 plus VAT and expenses, with an additional amount of £1,500.00 plus VAT payable for each additional year or part year that the Administration remained open after the initial first 12 months.

As at the end of the Period, the Joint Administrators were entitled to fees of £16,000.00 plus VAT for the costs incurred for their work in the Administration. Fees of £11,500.00 have been paid in previous reporting periods.

As part of the funding agreement with Mr Robert Doyle, it was agreed that the Joint Administrators' costs and expenses would be met by him until such a time that funds became available in the Administration. During the Period, the Joint Administrators received a contribution to the outstanding fees of £4,500.00 from Mr Doyle and payment of these costs have been made outside of the period of this report.

As referred to above, during the Period Mr Doyle withdrew his funding agreement, which included the Joint Administrators' remuneration, with effect from 9 February 2021.

Going forward, the Joint Administrators' costs will be funded by KFL under the terms of the litigation funding agreement however, the level of costs that have been incurred in the Administration have far exceeded those that were anticipated at the outset of the Administration owing to the change in strategy in relation to the claim against Network Rail.

Whilst the Joint Administrators will not be seeking to recover the additional costs incurred prior to 9 February 2021, the Joint Administrators have informally agreed with KFL, as the largest unsecured creditor, that the basis of their remuneration will be changed and that all future costs will be charged on a time cost basis. This will need to be approved by way of a formal decision procedure of creditors and a decision procedure in this respect will be convened shortly.

Where the Joint Administrators propose to take all or any part of their remuneration based on the time spent in dealing with the Company's affairs, a fees estimate must be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a fees estimate may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done and it is anticipated that this will be the basis upon which the Joint Administrators will provide their proposed fee budget; the anticipated costs if the action against Network Rail is settled prior to a formal hearing and the anticipated costs if the matter proceeds all the way to the hearing.

#### ***Joint Administrators' Expenses***

The Joint Administrators have incurred expenses to 9 August 2021 of £428.01 plus VAT, of which, £9.35 was incurred in the Period.

Details of the expenses incurred to date are set out below:

<b><i>Expense</i></b>	<b><i>Expenses Incurred in the Period</i></b>	<b><i>Total Expenses Incurred</i></b>	<b><i>Outstanding Expenses</i></b>	<b><i>Estimated Future Expenses</i></b>
Postage	£8.80	£93.66	£64.22	£20.00-£30.00
Statutory Advertising	-	£146.00	-	£90.00
IT Administration Fee	-	£110.00	-	-
Specific Penalty Bond	-	£90.00	-	£1,200.00
Storage Costs	-	-	-	£35.70
<b><i>Category 2 Expenses</i></b>				
Stationery	£0.55	£7.45	£4.95	£5.00-£10.00
<b>Total</b>	<b>£9.35</b>	<b>£447.11</b>	<b>£69.17</b>	<b>£1,350.70-£1,365.70</b>

An estimate of the Joint Administrators' anticipated expenses was not required to be circulated with the initial fees information provided to creditors, however the expenses incurred to date and those anticipated to be incurred are in line with the estimates included in previous progress reports.

Following receipt of the report from the forensic accountant regarding the quantum of the Company's claim, the Joint Administrators' specific penalty bond has been required to be increased to cover this level of realisations and as a result, an additional premium of £1,200.00 will be payable.

### **Professional Advisors**

The following professional fees have been incurred in the Administration to date:

<b><i>Name of professional advisor and description of services provided</i></b>	<b><i>Basis of fee arrangement</i></b>	<b><i>Fees incurred in the Period</i></b>	<b><i>Total Fees Incurred</i></b>	<b><i>Outstanding Fees</i></b>
Coyle White Devine  Legal advice and assistance in making applications to Court to extend the term of the Administration	Time costs and expenses (including Counsel's fees) plus VAT	-	£9,437.00	-

The amount of £4,545.00 has been paid directly by Azets in a previous reporting period, however as part of the funding agreement with Mr Robert Doyle funds have been received in the Administration in the Period and have subsequently been repaid to Azets.

The Joint Administrators have been advised that significant costs have been incurred by the Company which have been settled by Mr Doyle directly under the funding agreement. Details of these costs should be reflected in the Receipt and Payments Account and these have been requested on numerous occasions. Following the termination of the funding agreement with Mr Doyle, a reconciliation is being prepared, together with the corresponding invoices in order that the Administration records can be updated accordingly.

All future professional fees will be met by KFL under the terms of the litigation funding agreement. KFL have provided an estimate of the costs likely to be incurred in concluding the claim with Network Rail, which can be summarised as follows:

- WSM Solicitors LLP ("WSM") have been instructed to provide legal advice and assistance in dealing with the Network Rail claim. WSM's fees have been estimated to be between £125,000.00 and £150,000.00 plus expenses.

Details of the expenses it is anticipated have been or will be incurred by WSM are as follows:

- Legal Counsel (Alex Booth) - £125,000.00 to £150,000.00
- Forensic Financial Analysis (Quantuma Advisory Limited) - £35,000.00 to £50,000.00
- Land Valuation Report (CBRE) - £15,000.00 to £30,000.00

The choice of professional advisors was based on KFL and the Joint Administrators' perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <https://www.azets.co.uk/media/3wlcxhu/guide-to-administrators-fees-from-6-april-2017.pdf>.

Attached at Appendix B is additional information in relation to the Joint Administrators' fees, expenses and the use of subcontractors and other professional advisers.

## **6 Creditors' Rights**

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 Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

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 Joint Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Administrators, as set out in this progress report, are excessive.

## **7 Ending the Administration**

The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

As detailed in Section 3 of this report, in the event that the claim against Network Rail is not finalised by 10 August 2022, a further extension of the Administration will be required.

It is anticipated that the Company will exit Administration by the Joint Administrators filing a Notice of End of Administration stating that the purpose of the Administration has been achieved.

## **8 Next Report**

The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or they wish to extend it.



**Stephen Paul Grant**  
**Joint Administrator**

## **Appendix A**

**Receipts and Payments Account from 10 February 2021 to 9 August 2021 incorporating a Cumulative  
Receipts and Payments Account from 10 August 2016 to 9 August 2021**

**Smoke Club Limited t/a 'Cable' and 'Relay'**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts and Payments**

<b>RECEIPTS</b>	<b>Statement of Affairs (£)</b>	<b>From 10/08/2016 To 09/02/2021 (£)</b>	<b>From 10/02/2021 To 09/08/2021 (£)</b>	<b>Total (£)</b>
WIP - Recoverable Professional Fees	NIL	0.00	0.00	0.00
Other Refunds		117.24	0.00	117.24
Cash at Bank		2,156.73	0.00	2,156.73
Petitioner's Deposits		16,735.30	10,854.00	27,589.30
Bank Interest Gross		3.62	0.00	3.62
Office Holders Fees		1,000.00	0.00	1,000.00
Office Holders Expenses		311.36	0.00	311.36
		<b>20,324.25</b>	<b>10,854.00</b>	<b>31,178.25</b>

**PAYMENTS**

Office Holders Fees		12,500.00	0.00	12,500.00
Office Holders Expenses		654.66	0.00	654.66
Legal Fees & Expenses		4,892.00	0.00	4,892.00
Floating Charge Creditor	(3,131,230.00)	0.00	0.00	0.00
Trade & Expense Creditors	(329,504.79)	0.00	0.00	0.00
		<b>18,046.66</b>	<b>0.00</b>	<b>18,046.66</b>

<b>Net Receipts/(Payments)</b>		<b>2,277.59</b>	<b>10,854.00</b>	<b>13,131.59</b>
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**MADE UP AS FOLLOWS**

Bank 1 Current		2,339.86	10,854.00	13,193.86
VAT Receivable / (Payable)		(62.27)	0.00	(62.27)
		<b>2,277.59</b>	<b>10,854.00</b>	<b>13,131.59</b>

## **Appendix B**

### **Additional Information in Relation to the Joint Administrators' Fees and Expenses**



### **Introduction**

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk>.

Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency 9 (SIP 9) and can be accessed at [www.azets.co.uk/restructuring-and-insolvency-downloads/](http://www.azets.co.uk/restructuring-and-insolvency-downloads/). A hard copy may be requested from Azets Holdings Limited, 2nd Floor Regis House, 45 King William Street, London, EC4R 9AN or [emma.obryan@azets.co.uk](mailto:emma.obryan@azets.co.uk).

### **Staff Allocation and Charge Out Rates**

Our 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, Senior Manager or Manager and a Senior or Associate. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Seniors or Associates may be allocated to meet the demands of the case.

We operate a time recording system which allows staff working on the assignment along with the office holders to allocate their time to an assignment in 6 minute units.

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. The work is generally recorded under the following categories:

- Administration and planning
- Investigations
- Realisation of assets
- Creditors
- Trading
- Case specific matters

Time costs are recorded at the individual's hourly rate in force at that time, Our charge out rates effective from 3 December 2018 are shown below and the rates shown are exclusive of VAT.

<b>1 January 2017 to 2 December 2018</b>	<b>£</b>	<b>3 December 2018 to date</b>	<b>£</b>
Partners	410.00 - 460.00	Partners	430.00 - 470.00
Directors/Managers	230.00 - 360.00	Directors/Managers	210.00 - 390.00
Senior Administrators	145.00 - 200.00	Administrators	110.00 - 210.00
Administrators	100.00 - 160.00	Junior/Trainee Administrators	95.00 - 200.00
Junior/Trainee Administrators	50.00 - 110.00	Cashiers/Secretaries	60.00 - 100.00
Cashiers/Secretaries	75.00 - 90.00		

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

**Please note that charge out rates are reviewed annually and may be subject to change.**

## **Expenses**

On insolvency appointments, an office holder will typically incur expenses which relate to that assignment. Expenses (or costs) are amounts properly payable by an office holder from an insolvency estate which are not otherwise categorised as the office holder's remuneration or a distribution to a creditor or shareholder. These expenses may include, but are not limited to, agent's costs for disposal and realisation of assets, legal costs, specialist pension advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing the books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit. Details of the anticipated expenses on an insolvency assignment will be outlined in the office holder's fees estimate or other information provided to creditors about the fee basis or bases being proposed.

Expenses recharged to, or incurred directly by, an insolvent estate are subject to VAT at the applicable rate where appropriate.

Some expenses can be paid without prior approval from creditors (referred to as Category 1 expenses) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (referred to as Category 2 expenses).

Category 1 expenses are directly referable to an invoice from a third party that is not an associate of the office holder or the firm, which is either in the name of the estate or Azets Holdings Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the insolvency estate. These costs are recoverable without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party.

Category 2 expenses are directly attributable to the estate but include an element of shared costs or is a payment to an associate of the office holder or the firm. These expenses are recoverable from the estate, subject to the prior approval of the creditors, in the same manner as the approval of the office holder's remuneration.

The Category 2 expenses which include an element of shared costs and are charged by this firm are as follows:

- Postage – charged in accordance with the current Royal Mail price guide for first class.
- Business mileage – charged at standard rates which comply with HM Revenue & Customs limits. The current rate is 45 pence per mile.
- Internal photocopying - charged at 5 pence per sheet for reports and circulars issued to creditors, shareholders, employees and other stakeholders. No additional charge is made for individual items of correspondence.

**Please note that these category 2 expenses are reviewed annually and may be subject to change.**

Payments to associates (as defined in Section 435 of the Insolvency Act 1986 and the Insolvency Code of Ethics), which are also classified as a category 2 expense requiring creditor approval, are not routinely made by this firm. Any such payments will be considered on a case by case basis and when seeking approval for the payments, the office holder will provide creditors with an explanation of the work to be done, why the work is necessary and the estimated payment that will be made. The form and nature of the relationship with the associate will also be provided.

## **Provision of Services Regulations**

When carrying out all professional work relating to an insolvency appointment, Insolvency Practitioners are bound by the Insolvency Code of Ethics.

To comply with the Provision of Service Regulations, some general information about Azets Holdings Limited, including our complaints policy and Professional Indemnity Insurance and the Insolvency Code of Ethics, is available on our website using the following link: [www.azets.co.uk/about-us/legal-regulatory-information/](http://www.azets.co.uk/about-us/legal-regulatory-information/).