

CVA3

Notice of supervisor's progress report in voluntary arrangement



Companies House

TUESDAY



A14 *A94F5P74* 05/05/2020 #331
COMPANIES HOUSE

1 Company details

Company number 0 6 8 4 2 4 4 0

Company name in full POLPO LIMITED

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Supervisor's name

Full forename(s) Nigel

Surname Price

3 Supervisor's address

Building name/number 13 Church Street

Street Stourbridge

Post town DY8 1LT

County/Region

Postcode

Country

4 Supervisor's name ^①

Full forename(s) Joseph Gordon Maurice

Surname Sadler

① Other supervisor
Use this section to tell us about
another supervisor.

5 Supervisor's address ^②

Building name/number 13 Church Street

Street Stourbridge

Post town DY8 1LT

County/Region

Postcode

Country

② Other supervisor
Use this section to tell us about
another supervisor.

CVA3

Notice of supervisor's progress report in voluntary arrangement

6 Date of voluntary arrangementDate

d	0	8	m	0	3	y	2	0	1	9
---	---	---	---	---	---	---	---	---	---	---

7 Period of progress reportDate from

d	0	8	m	0	3	y	2	0	1	9
---	---	---	---	---	---	---	---	---	---	---

Date to

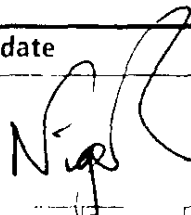
d	0	7	m	0	3	y	2	0	2	0
---	---	---	---	---	---	---	---	---	---	---

8 Progress report☒ I attach a copy of the progress report**9** Sign and date

Supervisor's signature

Signature

X



X

Signature date

d	0	4	m	0	5	y	2	0	2	0
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CVA3

Notice of supervisor's progress report in voluntary arrangement



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: **Nigel Price**

Company name: **Elwell Watchorn & Saxton LLP**

Address: **13 Church Street**
Stourbridge

Post town: **DY8 1LT**

County/Region

Postcode

Country

DX

Telephone: **01384465301**



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 and dated 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 or email 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

**Voluntary Arrangement of
POLPO LIMITED
Supervisors' Summary of Receipts & Payments**

Statement of Affairs £	From 08/03/2019 To 07/03/2020 £	From 08/03/2019 To 07/03/2020 £
ASSET REALISATIONS		
Bank Interest	101.61	101.61
Contribution to Nominees' fee	4,000.00	4,000.00
Contributions	135,000.00	135,000.00
	139,101.61	139,101.61
COST OF REALISATIONS		
Nominees Fee	4,000.00	4,000.00
Supervisors' Fee	5,000.00	5,000.00
	(9,000.00)	(9,000.00)
	130,101.61	130,101.61
REPRESENTED BY		
Bank 1 Current		130,101.61
		130,101.61
		
	Nigel Price Supervisor	



ELWELLWATCHHORNSAXTON

Consultative Business Recovery

Polpo Limited

**(Company Voluntary Arrangement)
("the Company")**

**High Court of Justice, Birmingham District Registry
County Court Number 2019-000144 of 2019**

**Supervisor's Progress Report
For the period 8 March 2019 to 7 March 2020**

Contents

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2. Receipts and Payments and progress in the period
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5. Estimated outcome for the Creditors
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7. Conclusion

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1. Statutory Information
2. Supervisors' Receipts and Payments Account
3. Breakdown of the Supervisors' Time Costs and Disbursements
4. Charge-out Rates and Bases of Disbursements

1. INTRODUCTION

This report describes the progress since approval of the CVA Proposal, at the physical meeting of creditors, held on 8 March 2019, and covers the period from 8 March 2019 to 7 March 2020 ("the Review Period"), as well as the prospects for the full implementation of the CVA.

This is the first progress report and it should be read in conjunction with the previous correspondence forwarded to creditors.

2. RECEIPTS AND PAYMENTS AND PROGRESS IN THE PERIOD

Attached at Appendix 2 is the Supervisor's Receipts and Payments Account for the Review Period 8 March 2019 to 7 March 2020.

Please see below our comments on the transactions during the review period.

RECEIPTS

Bank Interest (Gross)

Bank interest totalling £101.61 has been earned on the cash held in the Supervisors' bank account during the period.

Scheduled Contributions to the CVA fund

Under paragraph 15.2 of the CVA Proposal, the Company was required to make quarterly contributions of not less than one eighth of the estimated total amount necessary to settle the compromised value of the Allowed CVA Creditors' Claims, over the 2 years period of the arrangement.

Based upon the estimated total figures for Critical and Non-Critical Creditors, which were included in the original CVA Proposal, the forecast level of total Contributions was £719,000, equating to a quarterly contribution figure of £90,000.

"Duress" payments

In the early months after the acceptance of the CVA Proposal, while the directors and management were striving to improve the overall trading performance of the business, it was necessary for the Company to make a number of "duress" payments to several of its key suppliers in order to preserve their established and important sources of supply, on normal business terms.

However, when negotiating these "duress" settlement payments, the directors were careful to ensure that they were at, or below, the level of the compromise payments which would have been made by way of the CVA itself. Payments, of this kind, totalling £410,166, were made to 26 Critical Creditors, and £2,887 was paid to 2 creditors, previously considered to be Non-Critical. None of these 28 creditors will have any further claim in the CVA.

The "duress" payments made to 7 Critical Creditors were significantly less than the compromise payments, which would have been made to them, under the terms of the CVA itself, according to their initial estimated claims, or their actual notified claims, if higher, creating a cost saving to Polpo of £31,613.61.

The payments to the 2 creditors, previously considered to be Non-Critical, resulted in payments which were £2,622.49 greater than would have been the case under their original classification but, overall, a net saving of £28,991.12 has resulted.

Revised Contributions to the CVA Fund

Once it became apparent that "duress" payments were becoming a necessity for the attempts to return the business to profitability, the scheduled contributions were revised to take account of the effective removal of the "duress" creditors, from the main CVA process.

On the evidence of the first batch of "duress" payments, to creditors, the remaining contributions necessary to fund the dividends for the Compromised Creditors Fund appeared to be approximately £360,000. Therefore, the required quarterly contribution was set at £45,000 per quarter.

Consequently, the first three contributions of £45,000 were made, in respect of the three quarters ended 8 December 2019, in accordance with the requirements of the CVA.

Update meeting

On 19 February 2020, Nigel Price, the lead Joint Supervisor, met with Richard Beatty and Tom Ross, of Polpo, for a periodic update on creditors' claims and the latest trading situation.

The management accounts, for the 10 months to 26 January 2020, showed that the performance of the business had improved significantly, turning in EBITDA of circa £311,000 on turnover of £3.8 million.

However, there had been a further set of "duress" payments, again for amounts at, or below, the level of the compromise payments which would have been made in the CVA itself.

With "duress" payments, then, in the sum of £413,000, and certain voting creditors not claiming for dividend, the estimated total Contributions necessary, to provide for the proposed dividends, had reduced to approximately £193,964 for Critical Creditors, and £61,080 for Non-Critical Creditors, making a total of £255,044 to the Compromised CVA Creditors, as a whole.

Contribution to pay the Supervisors' fees and costs

In addition, a final contribution will be required from the company, in order to provide for the fees and costs of the Supervisors, in order that these costs do not reduce the dividends to creditors below the stipulated percentages.

Revised level of quarterly Contributions

As Contributions totalling £135,000 had already been made, a further £120,044 was required, which meant that quarterly contributions for the remaining 5 quarters of the CVA term had reduced significantly, from £45,000 per quarter, to £24,000 per quarter.

Following that meeting, the directors proposed to make the remaining contributions of £120,044 over the next 2 quarters, ending in June 2020, in order to allow the proposed dividends of 75p/£, and 5p/£, to be paid, to the Critical, and Non-Critical, Creditors respectively, during July, or August of 2020.

The additional contribution for Supervisors' fees would have been made in a subsequent quarter.

The Coronavirus outbreak

Unfortunately, by the middle of March 2020, the Coronavirus outbreak had impacted massively upon Polpo, forcing the indefinite closure of all its sites, and the "furloughing" of employees, in common with all businesses in the restaurant sector.

Break from Contributions

As a result of the immediate suspension of trading activity, and the urgent need to minimise the resulting negative cashflow, the March 2020 contribution, of £24,000, has not been paid. In addition, in accordance with Insolvency Guidance, issued by HMRC, on 27 March 2020, confirming that HMRC will support a minimum three month break from contributions from customers impacted by Coronavirus, without the need to contact HMRC for approval, the Joint Supervisors intend to apply their discretion to the maximum, with reference to creditors, only if essential.

It is not, currently, possible to estimate how long the closure of the business is likely to last, and when both the business, itself, and the remaining contributions are likely to recommence.

We understand, from the Directors of Polpo, that trade creditors and landlords have been supportive. Although we understand that the effects of the crisis are also being felt by landlords and trade creditors, we hope that all creditors will remain as supportive, as possible, while the effects of this unprecedented crisis are still being felt by the Company, and over which it has no control whatever.

Other Receipts into the CVA

There have been no other receipts into the CVA, which is in line with the CVA terms.

PAYMENTS

Details of Work Undertaken

Full details of the work done during the period, why it was necessary, and whether this work has provided a financial benefit to creditors, is provided below, analysed under the standardised categories:-

- Administration (incl Statutory Reporting)
- Realisation of assets
- Creditors (claims & distributions)

Administration (including statutory reporting)

The following administration work has been undertaken during the period. The various aspects of work, below may not, necessarily, be of financial benefit to creditors, but are necessary for the effective progression and management of the case, and are a requirement of statute:

- Dealing with all post appointment statutory obligations
- Liaising with all relevant stakeholders;
- Periodically reviewing the level of the Specific penalty bond;
- Ongoing filing of paperwork;
- Dealing with general enquiries and all correspondence regarding the case;
- Maintaining the case bank account;
- Recording all receipts and payments made, during the course of the Voluntary Arrangement;
- Filing of documents in accordance with statutory requirements;
- Reconciling the CVA Fund bank account;
- Preparing annual progress report to creditors;
- Periodic file reviews;
- Routine updating of data in my case management system and filing.

Realisation of Assets

Details of asset realisations, made during this reporting period, are mentioned above and the following tasks have continued during the period.

- Monitoring the Company's compliance with the terms of the CVA and taking necessary steps in the event of any delayed compliance with, or breaches of, the terms
- Monitoring the receipt of contributions, in compliance with the terms of the CVA, and in the light of the changing value of creditors' claims.

Creditors (Claims and Distributions)

During the period we have dealt with any creditor queries, and correspondence, in a timely manner. We have also entered into correspondence with creditors with regards to the claim process and submitting their claims within the proceedings. Although this has not been of financial benefit to creditors, it has enabled the effective management of the case and will assist with the claim adjudication process for dividend purposes.

3. REMAINING ASSETS TO BE REALISED AND WORK THAT REMAINS TO BE DONE

During the remaining period of the CVA, I will continue to liaise with the Directors of the Company regarding the creditor claims and will continued to pursue the contributions required to ensure that the creditors receive the percentage of dividend distribution agreed within the CVA Proposal.

I will also be reviewing the Company's financial accounts and statements for the CVA period, to determine whether the Company has exceeded the £500,000, profit before tax, for the two years following the effective date, from 8 March 2019 to 7 March 2021. If a greater profit has been achieved then, as stated within the CVA proposals, 20% of the profits, over and above £500,000, will be calculated, collected from the Company, and allocated to the profit share fund, detailed within the Proposal.

I detail below, under the standard categories, the work that remains to be done

Administration (including statutory reporting)

It will be necessary to continue to undertake the following administrative and statutory requirements:

- Dealing with general enquiries and all correspondence regarding the case, and routine updating of data in my case management system, and filing;
- Periodically reviewing case progress and other, statutory, case matters;
- Planning and management of strategies for case progression;
- Reviewing the Supervisors' Specific Penalty Bond;
- Cashiering functions including the recording of all receipts and payments made, during the course of the arrangement, and reconciling the CVA bank account;
- Filing mandatory returns at Companies House;
- Producing and submitting progress reports, and the final report, to the creditors, and other appropriate stakeholders.

The above are not directly financially beneficial to creditors, but they are required in order to continue to comply with Statutory Regulations/The Insolvency Act and Rules and best practice. The updating reports will also assist creditors in assessing the progress of the case.

Creditors, (claims and distributions)

Queries raised by creditors will continue to be dealt with in a timely manner as and when they arise.

We continue to liaise with the Company's Directors, and its Creditors, in relation to the adjudication upon, and agreement of, the claims received from Creditors.

As mentioned above, "duress" payments have been made to some creditors at, or below, the level of the compromise payments which would have been made by way of the CVA itself, thereby reducing the overall amount of contributions now required to enable payment of the prescribed dividends, of 75p/£ to Critical Creditors, and 5p/£ to Non-Critical Creditors.

Claims have been received from the majority of CVA Creditors. Once proofs of debt, and supporting documentation, have been received from all creditors, who wish to claim, we will review them, in detail, and agree or reject those claims. At that stage, we will calculate the final balance of contributions, which are required to pay the requisite dividends to the CVA Creditors.

Based on the information currently available, I estimate the remaining time to complete this case to be no more than 18 months from the date of this report. This is in line with the two year CVA period, together with any additional time, which may be needed to determine the Profit Share Fund, if any. This time frame assumes that all dividend payments to creditors are banked, and cleared, in a timely manner.

4. PROSPECTS FOR IMPLEMENTATION OF THE ARRANGEMENT

Had it not been for the Coronavirus outbreak, the prospects for full implementation of the CVA were very encouraging. It was envisaged that the Company's final Contributions could have been made during the two quarters ended on 30 June 2020 and it was anticipated that the full amount of the proposed dividends, of 75p/£ and 5p/£, for the respective categories of creditors, could well have been paid to creditors during the third quarter of this year, ending on 30 September 2020.

However, the onset of the Coronavirus has had the dramatic effect of forcing the business to close, until the "lockdown", imposed by the Government, is lifted. There is no way of knowing how long this period of closure will be, but it is inevitable that this will cause significant financial damage to the business, which may well have an impact upon the Company's ability to complete the CVA, as envisaged.

Accordingly, we are closely monitoring the position with the Directors, and will continue to do so, as the situation develops.

5. ESTIMATED OUTCOME FOR CREDITORS

The approved CVA Proposal provided for basic dividends, in fixed percentages, of 75p/£ and 5p/£, for the Critical and Non-Critical Creditors, respectively.

At the time of the last update meeting, with management, in February 2020, the prospects for achieving the required rates of dividend, within the proposed duration of the CVA, were good.

Critical creditors

Excluding those claims initially received for voting purposes only, we received initial claims, totalling £662,482, from 40 of the scheduled Critical Creditors, a further 2 claims were agreed at "Nil" value and 21 creditors did not claim. After deducting those claims which were subsequently settled by way of "duress" payments, and after including those creditors who are yet to submit a claim in the proceedings, at the figure stated in the Company's Proposals, gross claims totalling £258,619 remain unpaid. If these claims are finally proved, at these amounts, they will rank for dividend, at a rate of 75p/£, giving rise to an anticipated total dividend liability, to Critical Creditors, of £193,964.

Non-Critical Creditors

Out of the 77 scheduled Non-Critical Creditors, two creditors received a "duress" payment, having been discovered to be critical suppliers, as noted above. In addition, 34 out of the remaining 75 scheduled creditors have not submitted a claim, to us, in the CVA, to date. Two creditors have submitted "Nil" claims and the remaining 39 creditors have lodged claims totalling £1,221,353, against which total dividends of approximately £61,080 would be payable.

In order to provide for the overall dividends due to the Non-Critical Creditors, a further provision of £3,357 has been made for the amounts which would be due to those creditors who have not yet lodged a claim. The provision has been set at the higher of, either the original figure shown in the schedules attached to the CVA Proposal, or the best current estimate provided by the Company.

As a result, the overall provision, for the potential total of dividends, which could be payable to the Non-Critical Creditors, is £64,437.

Supervisors' fees and expenses

The additional contribution, necessary to settle the Supervisors' fees, is estimated to be approximately £35,000, as noted below, but this may change depending on how the timescale and dividends of the CVA are, ultimately, affected by the Covid19 crisis.

Notice of Intended Dividend

In parallel with this report, I am issuing a Notice of Intended Dividend, as I now wish to pay an interim dividend to both categories of creditors, as soon as possible, due to the difficulties which creditors must be facing, as a result of the effects of the Coronavirus pandemic, and the resulting uncertainty as to when the final dividend in the CVA might be payable. This includes a request for those creditors, who have not yet lodged a claim in the CVA, to do so, without further delay.

If the unproven creditors do not submit claims, by the last date for proving, 5 June 2020, I will be obliged to exclude them from the forthcoming dividend.

My estimates of the total claims which are likely to rank for dividend and be admitted for dividend purposes are given above.

6. NOMINEES' AND SUPERVISORS' FEES AND EXPENSES**Nominees' Fees**

In accordance with the CVA terms, the Nominees', fees of £4,000 have been paid, by way of the Company making a contribution equal to the nominees' costs, prior to the meeting of creditors.

Supervisors' Fees

The CVA terms provide that the Supervisors are to be remunerated on the basis of time properly incurred by them, and their staff, in the administration of the CVA, at the Supervisors' standard charge-out rates.

Please find attached, at appendix 3, the following information regarding the Supervisors' Time Costs, Charge-out rates and Disbursements:

- A breakdown of the time incurred during the reporting period;
- A copy of our charging policy;
- Disbursements and expenses incurred.

The time costs incurred by the Supervisors and their staff, for the period from 8 March 2019 to 7 March 2020, amounts to £24,286.50 representing 113.6 hours at an average hourly rate of £213.79, a breakdown of which is attached at Appendix 3.

An amount of £5,000 has been drawn during the period on account of the time incurred.

The CVA Proposal disclosed that the Supervisors' fees for administering and completing the CVA were agreed on a time cost basis. In view of the time costs incurred to date and the anticipated work to conclude the CVA, it is estimated that the final time costs of the Supervisor and his staff will be in the region of £35,000.

Creditors may access a Guide to Voluntary Arrangement Fees at www.r3.org.uk (Remuneration of Insolvency Office Holders England & Wales) or a hard copy will be provided on request.

Disbursements

The CVA terms also entitle the Supervisor to draw, from the funds held in the CVA, his firm's disbursements calculated on the bases described in Appendix 3. Any payments made in relation to these Category 2 disbursements are detailed in the Receipts and Payments Account at Appendix 2.

Costs which have been incurred and charged as a Category 2 expenses of the CVA and not paid total £450.80 in respect of travel expenses of me or my staff traveling to the creditors meeting and meetings with the Director.

During the reporting period category 1 disbursements of £190 have been incurred in respect of disbursements, and paid, by Elwell Watchorn & Saxton LLP in relation to the case Insolvency Bond Premiums of £180 and Document hosting of £10.

Further information on the disbursements incurred by Elwell Watchorn & Saxton LLP during the period is contained in Appendix 3.

7. CONCLUSION

As sufficient contributions have been received, during the period, to allow for the payment of an interim dividend to creditors, I have issued a Notice of Intended Dividend and I will proceed to make the interim dividend to unsecured creditors as soon as possible.

I will also continue to monitor the position of the company, the likelihood of it being able to resume trading, and the overall prospects for the completion of the CVA.

A further report will be issued in another year, if not earlier.

Should you have any questions or queries regarding this report, please contact my office on 01384 465 301 or by email at Stourbridge@ewslp.co.uk.



Nigel Price
Joint Supervisor

APPENDIX 1

POLPO LIMITED (COMPANY VOLUNTARY ARRANGEMENT)

STATUTORY INFORMATION

Company Name	Polpo Limited
Previous Names	Not applicable
Proceedings	Company Voluntary Arrangement
Court	High Court of Justice, District Registry, Birmingham
Court Reference	2019-BHM-000144 of 2019
Date of Appointment	8 March 2019
Supervisor	Nigel Price
Registered office Address	c/o Elwell Watchorn Saxton LLP 109 Swan Street, Sileby, LE12 7NN
Company Number	03773331

APPENDIX 2

The Supervisors' Receipts and Payments Account

Voluntary Arrangement of POLPO LIMITED To 07/03/2020

S of A £	£	£
ASSET REALISATIONS		
Pre Appointment Contribution towards Nominees' fees	4,000.00	
Contributions	135,000.00	
Bank Interest	101.61	
		139,101.61
COST OF REALISATIONS		
Nominees Fee	(4,000.00)	
Supervisors' Fee	(5,000.00)	
		(9,000.00)
		130,101.61
REPRESENTED BY		
Bank 1 Current		130,101.61
		130,101.61
		Nigel Price Supervisor

APPENDIX 3

Breakdown of the Supervisors' Time Costs and Disbursements together with Charging Policies

Time Entry - Detailed SLP9 Time & Cost Summary

POL02 - POLPO LIMITED
From 08/03/2019 To 07/03/2020
All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Director / Senior Manager	Total Hours	Time Cost (£)	Average Hourly Rate (£)
1APT: Apartment form-filler	1.00	0.30	0.00	0.00	4.00	5.30	1,140.00	215.09
1CF: Cashiering function	0.20	0.70	2.00	0.30	0.00	3.40	376.50	110.74
1GCH: General administration	6.50	5.70	0.30	11.50	0.00	25.30	3,516.50	138.99
1GCV: Liaising with Government agencies	1.00	0.30	0.00	0.00	1.30	3.00	340.00	267.54
1PM: Planning and monitoring	1.80	0.00	0.00	0.00	0.00	1.80	531.00	295.00
1STT: Statutory compliance returns and meetings	0.80	0.00	0.00	0.00	0.00	0.80	236.00	295.00
Admin & Planning	11.30	7.00	2.30	12.40	4.30	37.30	6,149.00	162.81
SACU: Adjustment on claims	1.10	0.00	0.00	0.00	4.80	5.90	1,264.50	217.71
SHCP: Non professional returns	36.90	24.80	0.00	0.00	1.40	63.10	15,770.50	236.99
Creators	41.00	24.80	0.00	0.00	6.20	72.00	17,855.00	236.87
3JA: Liaising with professional advisors (taxes)	0.20	0.00	0.00	0.00	0.00	0.20	56.00	295.00
3OTH: Other asset realisations	3.20	0.00	0.00	0.00	0.00	3.20	944.00	295.00
Realisation of Assets	3.40	0.00	0.00	0.00	0.00	3.40	1,000.00	235.00
AACT: Accounting for trading	0.30	0.00	0.00	0.00	0.00	0.30	86.50	295.00
Trading	0.30	0.00	0.00	0.00	0.00	0.30	86.50	295.00
Total Hours	54.60	31.80	2.30	12.40	11.10	112.60	24,236.50	213.73
Total Fees Claimed							5,000.00	

ELWELL, WATCHORN & SAXTON LLP CHARGING POLICY

It is the firm's policy that all staff involved on an assignment will record all time spent on dealing with matters arising on that client and that the time will be categorised to show the type of activity carried out. The charge out rates of licensed insolvency practitioners, directors and managers do not therefore include provisions for time spent by secretaries, cashiers and support staff. From 1 October 2015, additional categories of staff activity have been introduced to facilitate more detailed reporting where it is appropriate to do so.

Irrespective of any basis of remuneration agreed, the legislation requires that time spent by all staff on a case is recorded. The recorded time cost is calculated by multiplying the time spent by the individual by their charge-out rate. Time is recorded in units of 6 minutes, with 10 units making up each hour of time spent. Charge-out rates are reviewed annually and are subject to change without prior notice. Full details of the rates applied to a specific case are available on application.

Although for most appointments, the legislation allows the office holder to seek to be remunerated on a combination of any or all of the following bases;

- a. A time cost basis
- b. A percentage of the value of the property dealt with by the office holder (realisations and / or distributions)
- c. A fixed fee

it is the Firm's current policy to seek remuneration on (a) a time cost basis for insolvent appointments.

The arrangements regarding office holder remuneration do not however apply to Members Voluntary Liquidations (MVL's), Company Voluntary Arrangements (CVA's) or Individual Voluntary Arrangements (IVA's). In MVL's, the company members agree the fee basis, usually as a fixed fee. In VA's, the fee basis is incorporated in the arrangement proposal which creditors agree when they approve the arrangement.

Office holders remuneration is subject to VAT with the exception of VA's which are VAT exempt.

The Firm has five grades of staff (including the office holder) as detailed below. The office holder ensures that case assignments have been carried out by appropriate grades of staff. The charge-out rates of the persons involved in this case from commencement to the current time are as follows:-

	<i>Charge-out rate at commencement (up to £ per hour)</i>
Licensed Insolvency Practitioner	295.00
Director / Senior Manager	200.00
Manager	150.00
Other professionals	135.00
Administrative staff	65.00

Each staff member involved in the case records actual time spent in a computerised time recording system together with a narrative describing the actual work undertaken. Work is analysed by prescribed task descriptors which are recorded under the following standardised categories;

- Administration (including statutory reporting)
- Investigations
- Realisation of assets
- Trading
- Creditors (claims and distribution)

In seeking approval to be remunerated on a time costs basis, the office holder must provide a fee estimate to the creditors which then acts as a cap to ensure that the fees subsequently drawn cannot exceed the fee estimate without the office holder seeking further approval. The office holder must also provide details of the work intended to be undertaken together with details of the hourly rates proposed to be charged and an estimate of the time envisaged being taken to complete the required work. The office holder will also state whether it is envisaged at this stage whether there may be a future need to seek approval to exceed the original estimate and any reasons for which this could become necessary. To simplify matters, the estimated charges may be presented using a 'blended' (an average time cost) rate for the work carried out detailed in the fee estimate.

Should the office holder subsequently need to seek authority to draw fees in excess of the original fees estimate, details will be provided which include reasons why the original estimate has been or is likely to be exceeded, details of any additional work required to be undertaken, the hourly rates proposed and an estimate of the additional time envisaged being taken to complete the identified work. The office holder will again state whether it is envisaged at this stage whether there may be a future need to seek approval to exceed the estimate and any reasons for which this could become necessary.

Sufficient information will be provided about the appointment to demonstrate how the fee estimate reflects the requirements of the case. This will include any responsibility of an exceptional nature on the office holder, the effectiveness with which functions are carried out and the value and nature of the property dealt with by the office holder.

A guide to help creditors understand the law and their rights in relation to an insolvency process can be found at:-

<http://www.creditorinsolvencyguide.co.uk>

Additional information regarding how the Insolvency Practitioner will be paid can be downloaded under "Fees" at:-

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

Alternatively, a creditor may obtain a printed copy by contacting this office directly. .

Disbursements

Disbursements incurred by the office holder in connection with the case must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 - disbursements not requiring approval represent a re-charge to the estate for direct costs, payable to independent third parties, specifically incurred in the administration of the estate. In certain instances these costs were initially met from the firm's resources due to the lack of funds available at the time that payment was due.

Category 2 - disbursements requiring approval, represent a charge to the estate for the costs incurred by the firm specifically in relation to the estate. The basis of payment of category 2 disbursements must be approved by creditors prior to any payment being drawn. It is proposed that payment shall be made in respect of Category 2 disbursements as follows:-

- Mileage will be charged at 45p per mile.
- Other disbursements where the firm makes payment to an external party for an expense incurred wholly, exclusively and necessarily in relation to the insolvent estate, will be recharged at cost.

Disbursements

Elwell Watchorn & Saxton LLP Case Direct Cost Summary by Analysis Code

All Staff

All Post Appointment Project Codes.

	Disb Type	Amount	Adjust
POL02			
POLPO LIMITED (Under a Voluntary Arrangement)			
C11-Insolvency Bond	(Category 1)	180.00	0.00
C23-Travelling Expenses	(Category 1)	112.50	0.00
C37-Travel (flights, train & tube)	(Category 1)	230.30	0.00
C38-Document Hosting	(Category 1)	10.00	0.00
C23-Travelling Expenses	(Category 2)	108.00	0.00
Disbursements Category 1		532.80	
Disbursements Category 2		108.00	
Disbursements Total		640.80	
Fee Notes (Disbs Only)		0.00	
Write Off/Up		0.00	
Adjustments		0.00	
Provisions		0.00	
Total Outstanding		640.80	