

LIQ03

Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



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31/05/2017

#182

COMPANIES HOUSE

1 Company details

Company number 0 7 9 1 6 7 5 4

Company name in full Damson Limited

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

2 Liquidator's name

Full forename(s) Nicholas Edward

Surname Reed

3 Liquidator's address

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

4 Liquidator's name ①

Full forename(s) Julian

Surname Pitts

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

5 Liquidator's address ②

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

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

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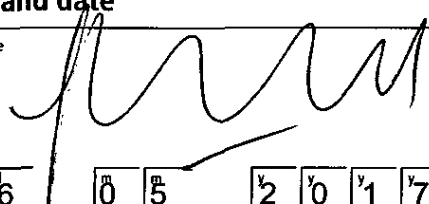
6 Period of progress report

From date	^d 1	^d 1	^m 0	^m 4	^y 2	^y 0	^y 1	^y 6	
To date	^d 1	^d 0	^m 0	^m 4	^y 2	^y 0	^y 1	^y 7	

7 Progress report

<input checked="" type="checkbox"/> The progress report is attached	
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8 Sign and date

Liquidator's signature	Signature X 	X							
Signature date	^d 2	^d 6	^m 0	^m 5	^y 2	^y 0	^y 1	^y 7	

LIQ03

Notice of progress report in voluntary winding up

**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	Nicholas Edward Reed
Company name	Begbies Traynor (Central) LLP
Address	Fourth Floor
	Toronto Square
Post town	Toronto Street
County/Region	Leeds
Postcode	L S 1 2 H J
Country	
DX	
Telephone	0113 244 0044

**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 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

Damson Limited (In Creditors' Voluntary Liquidation)

Progress report

Period: 11 April 2016 to 10 April 2017

Important Notice

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

Contents

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 - 2. Liquidators' time costs and disbursements
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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Damson Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators on 11 April 2016.
"the liquidators", "we", "our" and "us"	Nicholas Edward Reed of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Julian Nigel Richard Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England & Wales) Rules 2016
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. COMPANY INFORMATION

Trading name:	Damson Audio
Company registered number:	07916754
Company registered office:	Toronto Square, Toronto Street, Leeds, LS1 2HJ
Former trading address:	York Eco Business Centre, Amy Johnson Way, YO30 4AG

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced:	11 April 2016
Date of Liquidators' appointment:	11 April 2016
Changes in Liquidator:	None

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 11 April 2016 to 10 April 2017.

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

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

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

General case administration and planning

Throughout the Liquidation we are required to maintain records in order to demonstrate how the case has been administered and to document the reasons for any decisions taken. Costs undertaken during the period in this respect have fallen under the above heading in the time costs analysis.

Significant time has also been spent considering the complex issues of the Liquidation, specifically these issues include the sale of the business and assets.

Compliance with the Insolvency Act, Rules and best practice

There are certain tasks which we have a statutory obligation to undertake during the Liquidation. This includes providing initial statutory notifications of our appointment to the creditors, shareholders and other stakeholders, and advertising our appointment. Time will be spent in reviewing matters affecting the outcome of the administration and complying with internal checklists and reviews.

The sum of £254 has been paid to Courts Advertising Limited in respect of our advertising requirements.

Statutory documentation detailed above must also be filed with the Registrar of Companies under the Insolvency Act. We have also periodically monitored realisations and compared to the statutory bond level to ensure that sufficient cover is in place at all times in order to protect the interests of the company's creditors.

Investigations

Since being appointed as Joint Liquidators, we have undertaken investigations regarding the conduct of the directors and reported to the Department for Business, Energy and Industrial Strategy. We can confirm that we have discharged our duty in this respect.

Realisation of assets

Sale of Business and Certain Assets

Following our appointment, we instructed agents, Eddisons Commercial Limited, to undertake a marketing process for the sale of the business and certain assets of the Company. The marketing work undertaken resulted in only one party, Hong Kong Secote Precision Electronic Co Limited ("the Purchaser"), coming forward to purchase the business. Following a period of negotiation with the Purchaser, consideration of £17,000 for the business and certain assets was agreed and a sale was completed on 17 June 2016. The sale consisted of the following assets of the Company:

Category of Assets	Apportionment of Consideration
Business Intellectual Property	£2,500
Stock	£14,500
Total	£17,000

In addition to the above, the sale agreement provided for additional consideration due to the Company dependant upon the success of the Purchaser.

Books Debts

On appointment, the Company had an outstanding book debt ledger of £287,845, of which £278,712 was due from an American Distributor who sold the goods into Sam's Club, part of Walmart. Sam's Club paid the distributor prior to our appointment, however, the debt due to the Company was never discharged. The debt was subject to the Invoice Finance Agreement entered into with Secure Trust Bank ("Secure").

Secure, as the beneficiary of the invoice under the terms of the Invoice Finance agreement, instructed DLA Piper UK LLP to recover the debt through legal recourse. The debt has since been settled although this was insufficient to discharge Secure's outstanding indebtedness in full and therefore no surplus was available to the Liquidation estate.

The sum of £443 has been collected in respect of the book debt ledger to date. However, we have been advised that disputes have been raised on the remaining debts, which makes any further collections uncertain.

Cash at Bank

Credit funds of £15 were held in the Company's account with HSBC Bank plc and were subsequently transferred to the Joint Liquidators' account following appointment.

Other Realisations

The sum of £18 has been realised in respect of interest of the completion funds from the sale of the business and certain assets and £6 in bank interest accrued on the Liquidation account.

Professional Support

In order to assist with the above, we have worked closely with Eddisons Commercial Limited ("Eddisons"), Sanderson Weatherall LLP ("SW") and Excello Law Limited ("Excello").

Eddisons carried out an appraisal of the Company's assets prior to the completion of the sale of the business and certain assets of the Company. Eddisons have been paid the sum of £2,500 for the work undertaken in this regard.

Sanderson Weatherall LLP reviewed the potential sale of the business and certain assets of the Company to a connected party and provided us with a letter of recommendation for the offer. The sum of £500 has been paid to SW in this regard.

Excello Law solicitors provided advice in relation to the sale process and draft of the sale agreement in anticipation of a sale. Their agreed fees for carrying out this work of £3,000 have been paid in full.

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

We have dealt with creditor queries throughout the duration of the Liquidation. Time has been spent dealing with correspondence and providing further information on request.

Other matters which includes seeking decisions from creditors (via Deemed Consent Procedure and/or Decision Procedures, tax, litigation, pensions and travel

We have submitted tax returns and dealt with the tax calculations and issues.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the directors' statement of affairs.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditors

HSBC Bank plc ("HSBC") holds a fixed and floating charge Debenture created on 18 September 2012 and delivered on 20 September 2012, and a charge created on 7 April 2014 and delivered on 8 April 2014. The sums due to HSBC at the date of our appointment total £67,695 and HSBC are expected to suffer a significant shortfall against its lending.

Secure Trust plc ("Secure") holds a fixed and floating charge created on 3 October 2014 and delivered on 8 October 2014 in respect of an Invoice Finance Agreement. The sum of £181,485 was outstanding on the date

of our appointment and Secure have suffered a shortfall on their lending following the settlement of the book debt with the American distributor.

Creative Trade Finance Limited ("Creative") holds a fixed and floating charge created on 8 December 2014 and delivered on 11 December 2014 in respect of trade funding. As part of the agreement, Creative retained ownership of the stock which it funded, and will be used to partly offset the sum of £23,487 due to Creative.

Preferential creditors

There are no known preferential claims.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the liquidator must make 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 debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

A liquidator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the liquidator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be £nil and the prescribed part of the Company's net property to be £nil

Unsecured creditors

Based upon realisations to date and estimated future realisations, it is anticipated that there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

6. REMUNERATION & DISBURSEMENTS

Remuneration

Our remuneration has been fixed by a resolution of creditors by correspondence by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the winding up as set out in the fees estimate and we are authorised to draw disbursements for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, which is attached at Appendix 2 of this report.

Our time costs for the period from 11 April 2016 to 10 April 2017 amount to £17,984 which represents 77 hours at an average rate of £235 per hour.

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

- ☐ Time Costs Analysis for the period 11 April 2016 to 10 April 2017
- ☐ Begbies Traynor (Central) LLP's charging policy

To 10 April 2017, we have not drawn any remuneration on account of our remuneration, against total time costs of £17,984 incurred since the date of our appointment.

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type.

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

As can be seen from the information above, and the Time Costs Analysis, our fees estimate has not been exceeded. However, we are extremely close to the limit of our fees estimate. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reason why the estimate is likely to be exceeded is the sale of the business and certain assets to the Purchaser was more time consuming than we originally estimated. The calculation of the additional consideration due, if any, plus the closure formalities of the Liquidation are still to be completed.

We are not seeking approval for an increase to our original fee estimate.

Work undertaken prior to appointment

In addition to the post appointment time costs detailed in the Time Costs Analysis, the costs relating to work undertaken prior to our appointment in summoning, advertising and holding the creditors' meeting and assisting the directors in preparing the statement of affairs were approved by the creditors on 11 April 2016.

Disbursements

To 10 April 2017, we have also not drawn any disbursements.

Category 2 Disbursements

In accordance with the resolution obtained in relation to disbursements, the following disbursements which should be treated as Category 2 disbursements have been charged to the case:

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any ass has an interest	
Type and purpose	Amount £
Eddisons Commercial Limited, which is a member of the Begbies Traynor group, has appraised the assets of the Company	2,500
TOTAL	2,500

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2015' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. LIQUIDATORS' EXPENSES

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

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the liquidation would total £3,363. Unfortunately, the expenses that we have incurred so far have exceeded that estimate and there will be further expenses to pay before the case concludes. The reason why the estimate has been exceeded is the protracted correspondence and negotiation between us, solicitors, agents and the Purchaser regarding the sale of the business and certain assets. It was necessary in order to achieve an orderly sale of the Company's assets.

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

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

General case administration and planning

As detailed above, we are required to maintain records to demonstrate how the case is being administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This also includes compliance reviews and six monthly reviews required to be carried out in accordance with my best practice.

Costs in this respect are likely to remain similar to those incurred during the period covered by this report.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require that we produce interim progress reports on an annual basis to provide regular updates to the creditors of the progress made during the Liquidation.

A final progress report will have to be produced once the Liquidation has reached its conclusion. This will provide creditors with an overview of the Liquidation, including all realisations, costs and the final outcome for creditors.

As has been done throughout the Liquidation, progress reports and the other statutory documentation will be filed with the Registrar of Companies under the Insolvency Act and the statutory bond level will be monitored on a receipt by receipt basis.

Investigations

As detailed in Section 4 of this report, further investigations into the nature of the Company's dealings prior to our appointment are ongoing.

Realisation of assets

As detailed in Section 4 of this report, the sale agreement provided for the potential for additional consideration due to the Company dependant upon the success of the Purchaser. This will be calculated and, if any sums are due, collected in due course.

As detailed above, a number of disputes have been raised on the remaining book debts, which makes any further collections uncertain.

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

We will continue to deal with correspondence received and claims submitted throughout the remainder of the Liquidation and will inform creditors as matters progress.

Other matters which includes seeking decisions from creditors (via Deemed Consent Procedure and/or Decision Procedure, tax, litigation, pensions and travel

We will continue to deal with tax matters throughout the Liquidation.

How much will this further work cost?

Further to the information currently available, we estimate that further time costs in relation to this matter will total £3,000.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the revised estimate of anticipated expenses attached at Appendix 2.

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, a Liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Energy and Industrial Strategy. We can confirm that we have discharged our duties in these respects.

Investigations carried out to date

We have undertaken an initial assessment of the manner in which the business was conducted prior to the Liquidation of the Company and potential recoveries for the estate in this respect.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

10. CREDITORS' RIGHTS

Right to request further information

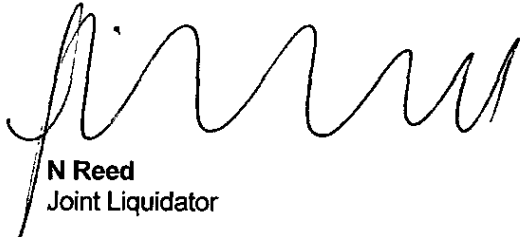
Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

We will report again in approximately twelve month's time or at the conclusion of the Liquidation, whichever is the sooner.



N Reed
Joint Liquidator

Dated: 26 May 2017



ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 11 April 2016 to 10 April 2017

S of A £		£	£
	SECURED ASSETS		
Uncertain	Intellectual Property	2,500.00	
Uncertain	Trademark	NIL	
Uncertain	Stock	NIL	
			2,500.00
	SECURED CREDITORS		
(181,485.00)	Secure Trust Bank plc	NIL	
(67,695.00)	HSBC Bank plc	NIL	
(23,487.00)	Creative Trade Finance Limited	NIL	
			NIL
	ASSET REALISATIONS		
Uncertain	Furniture & Equipment	NIL	
6,959.00	Stock	14,500.00	
NIL	Stock Deposits	NIL	
Uncertain	Book Debts	443.27	
	Cash at Bank	15.25	
	Interest on Completion Funds	18.00	
	Bank Interest Gross	5.63	
			14,982.15
	COST OF REALISATIONS		
	Statement of Affairs Fee	3,515.00	
	Agents Fees	3,000.00	
	Legal Fees	3,000.00	
	Statutory Advertising	253.80	
			(9,768.80)
	UNSECURED CREDITORS		
(449,085.00)	Trade Creditors	NIL	
(44,917.00)	Directors	NIL	
(10,229.00)	HMRC - PAYE / NIC	NIL	
(19,295.00)	IWOCA Loan Account	NIL	
(40,000.00)	Credit4 Loan	NIL	
			NIL
	DISTRIBUTIONS		
(112.38)	Ordinary Shareholders	NIL	
			NIL
(829,346.38)			7,713.35

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 11 April 2016 to 10 April 2017; and
- c. Estimated increase to our expenses.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

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

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

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

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

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

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

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

² Ibid 1

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

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

Instruction of Eddisons Commercial Limited to provide valuation advice in relation to the Company's plant and machinery and to provide assistance in the disposal of part of the Company's business. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

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

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

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

BEGBIES TRAYNOR CHARGE-OUT RATES

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

Grade of staff	Charge-out rate (£ per hour)
	1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

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

Time is recorded in 6 minute units.

Staff Grade	Consultant/PA	Director	Supr Mngt	Mgr	Asst Mgr	Sup Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	3.4								3.4	1,173.00	345.00
	Administration	0.1		1.4		6.1		1.6	0.9	10.1	1,753.00	173.56
	Total for General Case Administration and Planning:	0.1	3.4	1.4		6.1		1.6	0.9	13.5	2,926.00	216.74
	Appointment	0.5		2.5						4.5	1,062.50	236.11
	Banking and Bonding	1.0				0.1	0.8		2.4	4.3	784.50	182.44
	Case Closure											0.00
	Statutory reporting and statement of affairs	0.4		0.4		0.4	0.3	1.7		3.2	561.50	175.47
	Total for Compliance with the Insolvency Act, Rules and best practice:	1.9		2.9		0.5	2.8	1.7	2.4	12.0	2,408.50	200.71
	Investigations	0.2		4.6		6.8	0.3			11.9	2,528.50	212.48
	Total for Investigations:	0.2		4.6		6.8	0.3			11.9	2,528.50	212.48
Realisation of assets	Debt collection			0.7				1.9		2.6	394.50	151.73
	Property, business and asset sales	5.0		21.0			1.0			27.0	7,675.00	284.26
	Retention of Title/Third party assets											0.00
	Total for Realisation of assets:	5.0		21.7			1.0	1.9		28.6	8,069.50	279.32
Trading	Trading											0.00
	Total for Trading:											0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured			4.5						4.5	1,192.50	265.00
	Others	0.1		0.3		0.6	1.5	0.2		2.7	448.50	166.11
	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	0.1		4.8		0.6	1.5	0.2		7.2	1,641.00	227.92
Other matters which includes meetings, tax, litigation, pensions and travel	Meetings											0.00
	Other											0.00
	Tax	0.3				1.1			0.9	2.3	410.00	178.26
	Litigation											0.00
	Total for Other matters:	0.3				1.1			0.9	2.3	410.00	178.26
	Total hours by staff grade:	7.6	3.4	35.4		15.1	5.4	5.4	4.2	76.5		
	Total time cost by staff grade:	3,002.00	1,173.00	9,381.00		2,642.50	728.00	594.00	462.00		17,983.50	
	Average hourly rate £:	395.00	345.00	265.00	0.00	175.00	135.00	110.00	110.00			235.08
	Total fees drawn to date £:										0.00	

THE LIQUIDATORS' ESTIMATE OF THE EXPENSES THAT THEY WILL INCUR

	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, meetings, dividends etc.	339
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	20
3.	Agent's sale fees and disbursements	Agents held an online auction for the sale of the plant & machinery and furniture. This fee includes inspection, inventory and valuation of the plant & machinery and furniture.	3,000
4.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements.	3,000
5.	Storage	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	50

For the avoidance of any doubt, the above estimate relates to the period of Liquidation only.

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Agent's fees	Sanderson Weatherall LLP	500.00	500.00	0.00
Legal fees	Excello Law	3,000.00	3,000.00	0.00
Statutory advertising	Courts Advertising Limited	253.80	253.80	0.00
Bond	Marsh Limited	20.00	0.00	20.00
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
Agent's fees paid to Eddisons	Eddisons Commercial Limited	2,500.00	2,500.00	0.00