

# AM23

## Notice of move from administration to dissolution



Companies House

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

### 1 Company details

Company number 1 1 2 6 5 8 4 4

Company name in full Koine Money Ltd

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Court details

Court name High Court of Justice, Business & Property Courts

Court number 0 0 0 2 8 8 2 0 2 1

### 3 Administrator's name

Full forename(s) William Antony

Surname Batty

### 4 Administrator's address

Building name/number 3 Field Court

Street Grays Inn

Post town London


County/Region

Postcode W C 1 R 5 E F

Country

AM23

Notice of move from administration to dissolution

<b>5</b>	<b>Administrator's name ①</b>	
Full forename(s)	Hugh Francis	<b>① Other administrator</b> Use this section to tell us about another administrator.
Surname	Jesseman	
<b>6</b>	<b>Administrator's address ②</b>	
Building name/number	3 Field Court	<b>② Other administrator</b> Use this section to tell us about another administrator.
Street	Grays Inn	
Post town	London	
County/Region		
Postcode	W C 1 R 5 E F	
Country		
<b>7</b>	<b>Final progress report</b>	
	<input checked="" type="checkbox"/> I have attached a copy of the final progress report	
<b>8</b>	<b>Sign and date</b>	
Administrator's signature	Signature X  X	
Signature date	<sup>d</sup> 0 <sup>d</sup> 3 <sup>m</sup> 0 <sup>m</sup> 8 <sup>y</sup> 2 <sup>y</sup> 0 <sup>y</sup> 2 <sup>y</sup> 2	

**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 **Sheniz Bayram**

Company name **Antony Batty & Company LLP**

Address **3 Field Court**

**Gray's Inn**

Post town **London**

County/Region

Postcode

**W C 1 R 5 E F**

Country

DX

Telephone

**020 7831 1234**

**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)**

**Koine Money Ltd**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 19/02/2022 To 03/08/2022 £	From 19/02/2021 To 03/08/2022 £
	SECURED ASSETS		
1,500,000.00	Intellectual Property	NIL	35,000.00
		NIL	35,000.00
	COSTS OF REALISATION		
	Legal Fees	12,500.00	20,006.95
		(12,500.00)	(20,006.95)
	SECURED CREDITORS		
(1,500,000.00)	Koine Finance Limited	NIL	35,000.00
		NIL	(35,000.00)
	Hardware - Leased		
771,036.00	Hardware Leased	NIL	NIL
		NIL	NIL
	HIRE PURCHASE		
(3,127,259.28)	DXC Fixnetix	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
12,688.72	*Koine Finance Limited	NIL	NIL
	Bank Interest Gross	4.22	10.65
83,098.88	Cash at Bank	NIL	105,734.36
200,000.00	Computer Hardware	24,550.00	24,550.00
	Coronavirus Retention Job Scheme	NIL	48,110.71
	Furniture & Equipment	2,812.50	2,937.50
		27,366.72	181,343.22
	COST OF REALISATIONS		
	Administrators' disbursements - cat 1	949.35	949.35
	Administrators' disbursements - cat 2	155.26	155.26
	Administrators' remuneration	71,148.06	71,148.06
	Agents Expenses	2,990.00	2,990.00
	Agents/Valuers Fees	16,000.00	16,000.00
	Bank Charges	NIL	12.00
	Consultancy Fees	NIL	5,637.50
	Employees Furlough Funds	NIL	38,049.57
	Employees Outsourced Services	500.00	500.00
	Employees Pension Payments	NIL	1,856.21
	Insurance of Assets	NIL	770.00
	PAYE & NI	NIL	8,190.93
	Payroll Services	90.00	1,928.28
	Student Loan Payments	NIL	14.00
		(91,832.67)	(148,201.16)
	PREFERENTIAL CREDITORS		
(238,947.09)	Employee Arrears/Hol Pay	NIL	NIL
(807,749.33)	H M Revenue & Customs- Tax	NIL	NIL
(28,615.12)	Pension Schemes	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(21,401.95)	Directors	NIL	NIL
(2,915,194.62)	Employees	NIL	NIL
(18,494.20)	Intercompany Recrutable Limited	NIL	NIL
(2,460,060.95)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(11,400,000.00)	Ordinary Shareholders	NIL	NIL

**Koine Money Ltd  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 19/02/2022 To 03/08/2022 £	From 19/02/2021 To 03/08/2022 £
		NIL	NIL
<b>(19,848,394.94)</b>		<b>(76,965.95)</b>	<b>13,135.11</b>
	REPRESENTED BY		13,135.11
	Vat Control Account		<b>13,135.11</b>
			
			William Antony Batty Joint Administrator

**KOINE MONEY LTD - IN ADMINISTRATION**

**JOINT ADMINISTRATORS' SIX MONTHLY PROGRESS REPORT**

**Date of report: 03 August 2022**

**ANTONY BATTY & COMPANY LLP  
3 FIELD COURT  
GRAY'S INN  
LONDON  
WC1R 5EF**

## **KOINE MONEY LTD - IN ADMINISTRATION**

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Joint Administrators to provide creditors with details of their proposals to achieve the objective of the Administration. The report has been prepared for the purpose of advising creditors. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

WA Batty and HF Jesseman were appointed as Joint Administrators of Koine Money Ltd on 19 February 2021.

The affairs business and property of the Company are being managed by the Joint Administrators, who act as the Company's agent and contract without personal liability.

WA Batty, HF Jesseman and CE Howell are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales.

### **Abbreviations used in this report:**

- Koine Money Ltd- ("the Company" or "KML")
- William Antony Batty and Hugh Francis Jesseman- ("the Joint Administrators")
- HM Revenue & Customs - ("HMRC")
- Redundancy Payments Office - ("RPO")
- David Howard Accountants – ("David Howard")
- Coronavirus Job Retention Scheme – ("CJRS")
- Evolve IS Limited – ("Evolve")
- White Violet London LLP ("White Violet")
- ITC Valuers – ("ITC")
- Penningtons Manches Cooper LLP – ("Penningtons")
- Digiclear Limited- ("Digiclear")
- DXC Finance - ("DXC")
- Options Direct Limited- ("Options")
- ClearBank Plc - ("Clear Bank")
- Koine Finance Limited – ("KFL")

## **KOINE MONEY LTD – IN ADMINISTRATION**

### **EXECUTIVE SUMMARY**

Koine Money Limited (“the Company” or “Koine”) was incorporated on 20 March 2018 and in June 2019, Koine launched its custody and settlement solution for digital assets and fiat money. Koine is the operational company and a wholly owned subsidiary of Koine Finance Ltd (“KFL”).

Koine was created in order to provide a secure, easy to use institutional custody, settlement and cash management service for the new generation of digitised assets.

Koine’s solution enabled Institutional Capital the ability to invest in digital assets without any change to conventional fund mandates. The design thinking that Koine utilised, allowed for any potential failure of an exchange / venue, leaving client assets fully intact and available for use. The Koine platform allowed for digital assets & fiat money to be able to be moved in sub-second timeframes between market venues allowing for settlement in real-time using Delivery vs. Payment (DvP) and at fixed prices, which were known in advance.

The Company was in the process of raising investment finance to fund its growth in early 2020, as the Pandemic hit the UK. As a result, promised investment did not materialise, and the Company was unable to honour its obligations from mid-2020. The Company managed to reduce overheads and operate by utilising the Government Furlough Scheme.

In early 2021 it became apparent that investors were unlikely to fund the accumulated debt and given the risk of breaching FCA Capital Requirements the Board resolved to cease trading on 19 February 2021.

### **STATUTORY INFORMATION**

Company name:	Koine Money Ltd
Court name and reference	High Court of Justice, Business & Property Courts 000288 of 2021
Company number:	11265844
Trading address:	Central Point, 45 Beech Street, London, EC2Y 8AD
Registered office:	3 Field Court, London, WC1R 5EF
Former registered office:	27 Old Gloucester Street, London, WC1N 3AX
Principal trading activity:	e-Money
Joint Administrators’ names:	William Antony Batty and Hugh Francis Jesseman
Joint Administrators’ address:	3 Field Court, Gray's Inn, London, WC1R 5EF
Date of appointment	19 February 2021
Appointment made by:	Directors
Actions of Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.



On 07 January 2022, the secured (and preferential) creditors agreed to extend the Administration of the Company for a period of 12 months.

### **SUMMARY OF THE ADMINISTRATORS' PROPOSALS**

(a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:

- (i) collect any further cash at bank;
- (ii) sell the Company's assets at such time(s) on such terms as we consider appropriate;
- (iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
- (iv) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals

(b) If there are no assets for distribution to unsecured creditors, the Administration of the Company will end by filing a notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.

(c) If it appears likely that there will be sufficient assets to distribute to unsecured creditors, the Company should proceed into Creditor's Voluntary Liquidation and the Joint Administrators propose that they would be appointed Joint Liquidators and that all acts of the Joint Liquidators may be taken jointly or alone. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 13.

(d) The Joint Administrators be released from any Personal Liability at the end of the Administration.

### **STEPS TAKEN DURING THE ADMINISTRATION**

The Company ceased trading on 19 February 2021 following the appointment of the Administrators.

Since I was appointed Joint Administrator, I contacted the Bank to freeze the Company's accounts, which resulted in a recovery of the balance on the Company's account at the date of my appointment.

All of the employees were made redundant immediately prior to the appointment of Joint Administrators. I have provided further information from the Company's records to the RPO to allow these claims to be processed and settled. I have since instructed David Howard to prepare and submit the P45's for the employees, re-run corrections on payslips and to assist with submitting a final claim with the CJRS. I have also corresponded with the Company's pension provider to submit a claim to the RPO for unpaid pension contributions and instructed Evolve to assist with the submission.

The Company's existing HR advisor, White Violet were engaged on a consultancy basis to assist with the completion and collation of information to send to the RPO, to enable the employees claims to be processed.

The Financial Director was also retained on a consultancy basis to assist with the provision of accounting information for the benefit of marketing the business and to assist with the completion of the Directors' Statement of Affairs.

I instructed ITC Valuers to value and market the business and assets for sale, organise collection of the personal computer equipment and to remove all data equipment held at various storage units in London and Switzerland and to collect and sell the Company's equipment located at various employees' residential addresses.

The trading premises were vacated, and an informal surrender of the lease was issued to the Landlord.

I have sent out notification to all the Company's creditors and previous agents and the necessary notices to H M Revenue & Customs. All directors, past and present, were sent a director's questionnaire and our investigation under the Company Directors Disqualification Act 1986 was submitted.

Penningtons solicitors were engaged to assist the Joint Administrators with filing the necessary notices at Court and validating and advising on the Charge held with Koine Finance Limited. Penningtons also assisted with drawing up the Sale and Purchase Agreement for the assets sold to Digiclear, details of the sale are explained below.

I have concluded a sale of the Company's Intellectual Property and made a distribution to the secured creditor. ITC have managed to locate the majority of the leased computer hardware and arrange collection of the equipment.

Please note that there is certain work that I am required by the insolvency legislation to undertake work in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken since my last progress report is contained in the Appendices.

## **OUTCOME OF ADMINISTRATION**

I can confirm that the proposals stated above have been achieved by completing a sale of the business and assets of the Company and declaring and paying a dividend to the secured charge holder, thereby achieving objectives (b) and (c) in the Administration. The Administration will be closed in time for the anniversary and immediately proceed to dissolution.

## **RECEIPTS AND PAYMENTS ACCOUNT**

My Receipts & Payments Account for the period from 19 February 2022 to 03 August 2022 is attached at Appendix 1 which I have reconciled to the financial records that I am required to maintain. Please note that receipts and payments in the account are shown net of VAT.

## **ASSETS**

### **Intellectual Property**

Goodwill and IP consist of the Company's "custodian platform", the knowledge and the bespoke software within the Company, the customer base, the phone numbers and e-mails, the Company logos, Intellectual Property and registered domain name and website.

On 10 December 2021, I sold the assets of the Company to Digiclear, a company controlled and owned by the director Alasdair Moore as the ultimate secured creditor for £35,000 plus VAT.

**Leased Assets**

The Company had an outstanding leasing commitment totalling £3.1M on several finance agreements with DXC. All assets were returned to DXC and no recoveries were made.

**Computer Hardware**

The Company owned computer hardware and ancillary equipment located at its London Head Office and at Data Centres in London & Switzerland.

The hardware had been valued with an estimated realisable value of £150,000 to £200,000. An offer was made by Options to buy some of the computer hard drives for £24,550 plus VAT. My agents recommended their offer be accepted, after comparison to other offers being received. The sale was completed on 24 March 2022 and payment has been received in full during the period of this report.

Further assets have been removed from the London Data Centre in Hounslow. However, the majority of the equipment remains in the London & Swiss Data Centres, where the Company leased data racks. These assets were caught under ROT claims. No ROT claims were agreed, and no further recoveries were made.

ITC have been in regular contact with the Swiss data centre in attempt to remove and store the equipment. Unfortunately, these assets are still in situ and will not be released due to the landlord issuing a lien over the assets.

There are no further recoveries to be made regarding these assets.

**Furniture & Equipment**

ITC contacted all members of staff, who were originally working from home due to Covid, and requested they make an offer for the Company computer equipment held at their residential homes or alternatively arrange collection of the assets. ITC have sold approximately 8 machines for a total of £2,938 of which £2,813 was received during the period of this report.

There is still a small amount of equipment that is being held by ex-members of staff at their residential addresses due to staff members being located all over the UK and some of these are uneconomical to collect.

There are no further recoveries to be made regarding these assets.

**Cash at bank**

The Joint Administrators have received £80,735 from ClearBank in respect of funds held on the Company account at the date of appointment. Following correspondence from the bank, the Joint Administrators have been notified that ClearBank are holding Company funds of £24,970, the minimum requirement for stable funding balances.

I provided ClearBank with notice to terminate the Definitive Services Agreement to terminate the agreement and to release the deposit funds. An additional £24,999 has been received.

**Koine Finance Limited**

Prior to my appointment, in March 2020, the Boards of both the Company and KML appeared to have resolved to convert £2.5 Million of "existing inter-company debt" owed by KML to KFL, into shares in KML, via the issue of 2.5 million fully paid shares of £1 on 19 March 2020. However, our investigations indicate that at that date, KFL was owed only £1.25 million, including a £1.5 million, secured by a Fixed and Floating Charge Debenture dated 25 February 2020.

The Board's Statement of Affairs shows that as a result of this transaction, KFL is indebted to KML in the sum of £2,512,688. The shares issued on 19 March 2020 were issued Fully Paid, despite the fact that the existing inter-company debt was insufficient to pay for such shares to be issued.

Having taken Legal advice, we do not consider the debt due from KFL to be valid, nor the issue of 2.5 million, £1 shares.

Accordingly, it appears that the debt due from KFL to the Company, shown in the Directors' Statement of Affairs of £2,512,688 is incorrect, instead it would appear that KFL is actually owed £1,513,162 by KML, of which £1.5 million is secured by the 25 February 2020 Debenture, and the issued Share Capital of £11,400,000 appears to be overstated by £2,500,000.

However, given that the Statement of Affairs shows that the debt of £2,512,688 is not realisable, this had no impact on the deficiency for creditors.

#### **HMRC JRS Furlough Grant**

David Howard was instructed to assist with making a final claim with the CJRS regarding the employee agreed furlough payments to the date of redundancy. I received £48,111 in respect of the scheme which was paid out to the individual employees including their pension contributions and deducted tax.

#### **Bank Interest**

I have received bank interest on funds held on the estate account of £11 of which £4 was received during the period of this report.

I am not aware of any further realisable assets. Should any creditor be aware of any such assets, please advise us immediately.

#### **LIABILITIES**

##### **Secured Liabilities**

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has granted the following charges:

KFL hold a fixed and floating charge dated 25 February 2020 over the assets of the Company. My solicitors, Pennington's, have confirmed the validity of the charges. KFL were owed £1.5M at the date the Company entered Administration.

KFL have been paid £35,000 against their security on 15 December 2021. I do not believe any further payments will be made to KFL against their charge.

The Company gave a Fixed and Floating charge Debenture to KFL on 25 February 2020. As the debt has not been repaid in full, the prescribed part provisions will not apply.

##### **Preferential Creditors**

The statement of affairs anticipated £238,947 in respect of ordinary preferential creditors relating to employee claims, £28,615 relating to pension payments and £807,749 in respect of secondary preferential creditors relating to HMRC's claim.

I have received a final claim from the pension providers of £1,662 which has been submitted to the RPO with the assistance of our agents Evolve. The RPO have not yet submitted their final preferential claim.

I can advise that HMRC have sent in their provisional preferential claim of £574,144.

##### **Crown Creditors**

The statement of affairs did not include an amount due to HMRC in respect of their non-preferential claim. However, HMRC's provisional non-preferential claim of £245,692 has been received.

**Non-preferential Unsecured Creditors**

The statement of affairs included 49 non-preferential unsecured creditors with an estimated total liability of £7,771,375. I have received claims from 17 creditors at a total of £1,748,313 including Nest unsecured claim of £20,609 who were not on the original list of creditors. I also received a claim of £28,976 from 1 creditor who was not on the original Statement of Affairs. I have not received claims from 33 creditors with original estimated claims in the statement of affairs of £6,301,262.

**DIVIDENDS PROSPECTS**

On the basis of the information currently available a dividend will not be declared to preferential and non-preferential unsecured creditors as the funds realised have been used to make payments to the secured creditor, and to meet the expenses of the Administration.

**INVESTIGATION INTO THE AFFAIRS OF THE COMPANY**

I previously undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. Specifically, I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank statements for the 12 months prior to the Company ceasing to trade from the Company's bankers; and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the liquidation and made enquiries about the reasons for the changes.

There were no matters that justified further investigation in the circumstances of this appointment.

Within three months of my appointment as Administrator, I was required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make him unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

**PRE-ADMINISTRATION COSTS**

On 17 August 2021 the following pre-administration costs were approved by the creditors:

Pre-administration fees charged by Antony Batty & Company LLP: £5,172

Pre-administration expenses incurred: £2,200

These costs have been paid in full. An additional £4,828 of pre-appointment fees was settled by the director prior to my appointment. As such, total pre-appointment fees total £10,000.

**JOINT ADMINISTRATORS' REMUNERATION**

My remuneration was approved on a time cost basis based on a fees estimate of £118,321. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors. My total time costs to 3 August 2022 amount to £111,224, representing 318 hours of work at a blended charge out rate of £350 per hour, of which £6,263, representing 18 hours of work, was charged in the period since 19 February 2022 at a blended charge out rate of £350 per hour. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £326 in my fees estimate. There is a difference in the blended rate charged, compared with the estimated blended rate because some of the work undertaken in this matter was completed by a senior member of staff due to the complexities of the matter.

I have raised and invoice for my fees of £84,283 and paid £71,148 during the period of this report.

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 Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://www.antonybatty.com/insolvency-resources>. There are different versions of these Guidance Notes, and you should refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which is enclosed at Appendix 5.

#### **JOINT ADMINISTRATORS' EXPENSES**

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

I have incurred total expenses of £48,937, of which I incurred £32,131 in the period since 19 February 2022. I have drawn £1,105 of which was drawn in the period of this report.

I have used the following professional advisors in the reporting period:

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Basis of Fees</b>
ITC Valuers	Valuer/Auctioneer	Time costs & percentage basis
Penningtons Manches LLP	Solicitors	Time costs
Marsh Limited	Bonding	Fixed premium
David Howard Accountants	Payroll Services	Fixed costs
Evolve IS Limited	Employment Services	Fixed cost
Courts Advertising	Statutory Advertising	Fixed premium
HM Court Services	Court Filing Fees	Fixed Fee
Paul Marsh	Swearing Fees	Fixed Fee
White Violet London LLP	Consultancy Fees	Fixed Fee
S R Reeves	Consultancy Fees	Fixed Fee

ITC Valuers ("ITC") have approximately been paid fees of £16,000 plus VAT and disbursements of £2,990 in respect of the valuation and sale of the Company's Intellectual Property, Hardware and Equipment and handling any retention of title claims. ITC is a firm of valuers experienced in valuing and marketing assets in insolvency situations. Their fee was based on their time costs and percentage of sale.

Penningtons Manches Cooper LLP ("Penningtons") have been paid £20,007 plus VAT in respect of advice regarding the filing of appointment documents at Court, advice provided on the validity of the Company's charge and their assistance in completing asset sale and purchase agreement. Penningtons are a firm of solicitors experienced in providing advice in insolvency situations and in preparation of sale agreements. Their fee is based on their time costs.

Evolve IS Limited ("Evolve") specialise in assisting IP's with employment matters. I instructed Evolve to assist with the completion of claim to the RPS in respect of outstanding pension contributions due. Evolve have been paid £500 plus VAT for their services based on a fixed fee.

Marsh Limited will be paid £512 in respect of specific bonding cover, which is required for each insolvency appointment. They have also been paid £770 in respect of the insurance cover placed over the Company assets. Marsh Limited provides specialist insolvency insurance and bonding service. The premium is based on their standard charges.

DH Payroll have been paid £1,928 plus VAT for their assistance with payroll matters. There fee was based on a fixed fee.

Courts Advertising have been paid £352 in respect of statutory advertising.

HM Courts Services have been paid £50 in respect of filing the appointment documents at Court.

Paul Marsh, Solicitor has been paid £30 in respect of the swearing the appointment documents prior to being filed at Court.

White Violet London LLP have been paid £1,350 plus VAT for their assistance with collating information necessary to provide to the RPO in respect of employees claims.

Steve Reeves was paid £4,287 in respect of his assistance in respect of work undertaken under my instruction, to assist with obtaining information for the benefit of assets recovery and to complete management accounts, along with the assistance of the completion of the directors' Statement of Affairs.

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case.

I have incurred the following expenses in the period since my appointment as Joint Administrator.

Type of expense	Amount incurred	Amount unpaid
Specific Bonding	£512	£0
Statutory Advertising	£352	£0
Court Fees	£50	£0
Swearing Fees	£30	£0

Details of the category 1 expenses that I have paid to date and in the reporting period are included in the receipts and payments account attached.

I am required to seek approval before I can pay any expenses to associates or pay expenses where there is an element of shared costs, which are known as category 2 expenses. I have obtained approval to pay the following category 2 expenses. I have incurred the following category 2 expenses in the period since my appointment as Joint Administrator:

Type of expense	Amount incurred	Amount unpaid
Postage	£105	£0
Storage costs - Company records	£15	£0
Storage costs- IP records	£35	£0

Nature of expense	Estimated expenses	Expenses incurred to date
Bordereaux	£352	£512
Statutory Advertising	£89	£352
Postage	£296	£105
Asset Insurance	£1,540	£770
Storage	£630	£51
Legal Fees	£25,000	£20,007
Agents Fees	£25,000	£18,990
Payroll Fees	£2,000	£1,928
Consultancy Fees	£1,313	£5,638
<b>Total</b>	<b>£56,204</b>	<b>£48,353</b>

As you can see above, while the total expenses I incurred were in line with the total expenses I estimated I would incur when my remuneration was approved, some expenses were higher than I estimated, and some were lower than I estimated. The reasons are due to an additional statutory advertising publication not included in my initial report, extensive work required by consultants on the completion of the statement of affairs and not all professional expenses have been in full paid due to the ongoing professional involvement that is required.

## ALLOCATION OF COSTS

### Fixed charge creditors

The following costs are those incurred to date that are directly attributable to the realisation of the company's assets subject to a fixed charge. As such they have either been paid from, or have been allocated for future payment against, fixed charge realisations as follows:

Details of Expenditure	Amount paid £	Amount allocated, yet to be paid £
Legal Fees	20,007	0

The following costs are general costs of the Administration incurred to date that are not directly attributable to either the realisation of the fixed charge assets or the company's other assets. As a result, I have apportioned them between the realisations of the different classes of asset, and details of the amounts apportioned to the fixed charge assets that have either been paid from, or have been allocated for future payment against, fixed charge realisations are detailed below. The basis on which I have apportioned those costs is proportioned by reference to the realisation made in each category.

### Secured Creditor

As advised a distribution of £35,000 has been made to KFL against their security.



**Preferential Creditors**

I do not anticipate a distribution being made to preferential creditors.

**Unsecured creditors**

I do not anticipate a distribution being made to unsecured creditors.

The following costs are general costs of the Administration incurred to date that are not directly attributable to either the realisation of the floating charge assets or the company's other assets. As a result, I have apportioned them between the realisations of the different classes of asset, and details of the amounts apportioned to the floating charge assets that have either been paid from, or have been allocated for future payment against, floating charge realisations are detailed below.

Details of Expenditure	Amount paid £	Amount allocated, yet to be paid £
Payroll Services	1,928	0
Consultancy Services	5,637	0

**FURTHER INFORMATION**

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrators' fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Antony Batty & Company LLP can be found at <http://www.antonybatty.com/insolvency-resources>.

Antony Batty & Company LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Antony Batty & Company LLP uses your personal information on our website at <http://www.antonybatty.com/insolvency-resources>.

**SUMMARY**

As there are no assets available for a distribution to be made to unsecured creditors, the Administration of the Company will end with the Company moving to dissolution. To achieve this, the Joint Administrators have filed a formal notice with the Registrar of Companies. The Company will be deemed dissolved three months after the registration of that notice.

The Joint Administrators have submitted a final VAT claim in the administration in order to recover the outstanding input VAT, which will be utilised to meet the balance of the invoiced fees.

The Administration as approved in the proposals is now complete and our files will be closed. If creditors have any queries regarding the conduct of the Administration, or this report, or if they want hard copies of any of the documents made available on-line, they should contact Sheniz Bayram on the above telephone number, or by email at [Sheniz@antonybatty.com](mailto:Sheniz@antonybatty.com).

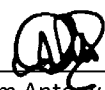


**William Antony Batty**  
**Joint Administrator**  
**Date: 03 August 2022**

The affairs, business and property of the Company are being managed by the Joint Administrators, William Antony Batty and Hugh Francis Jesseman. The Joint Administrators act as agents of the Company and contract without personal liability.

**Koine Money Ltd**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts and Payments**

RECEIPTS	Statement of Affairs (£)	From 19/02/2021 To 18/02/2022 (£)	From 19/02/2022 To 03/08/2022 (£)	Total (£)
Intellectual Property	1,500,000.00	35,000.00	0.00	35,000.00
Hardware Leased	771,036.00	0.00	0.00	0.00
Computer Hardware	200,000.00	0.00	24,550.00	24,550.00
Furniture & Equipment		125.00	2,812.50	2,937.50
Cash at Bank	83,098.88	105,734.36	0.00	105,734.36
*Koine Finance Limited	12,688.72	0.00	0.00	0.00
Bank Interest Gross		6.43	4.22	10.65
Coronavirus Retention Job Scheme		48,110.71	0.00	48,110.71
Vat Payable		7,025.00	5,472.50	12,497.50
		<b>196,001.50</b>	<b>32,839.22</b>	<b>228,840.72</b>
<b>PAYMENTS</b>				
Legal Fees		7,506.95	12,500.00	20,006.95
Koine Finance Limited	(1,500,000.00)	35,000.00	0.00	35,000.00
DXC Fixnetix	(3,127,259.28)	0.00	0.00	0.00
Administrators' remuneration		0.00	71,148.06	71,148.06
Administrators' disbursements - cat 1		0.00	949.35	949.35
Administrators' disbursements - cat 2		0.00	155.26	155.26
Agents/Valuers Fees		0.00	16,000.00	16,000.00
Agents Expenses		0.00	2,990.00	2,990.00
Consultancy Fees		5,637.50	0.00	5,637.50
Employees Outsourced Services		0.00	500.00	500.00
Student Loan Payments		14.00	0.00	14.00
Insurance of Assets		770.00	0.00	770.00
Payroll Services		1,838.28	90.00	1,928.28
PAYE & NI		8,190.93	0.00	8,190.93
Bank Charges		12.00	0.00	12.00
Employees Pension Payments		1,856.21	0.00	1,856.21
Employees Furlough Funds		38,049.57	0.00	38,049.57
H M Revenue & Customs- Tax	(807,749.33)	0.00	0.00	0.00
Employee Arrears/Hol Pay	(238,947.09)	0.00	0.00	0.00
Pension Schemes	(28,615.12)	0.00	0.00	0.00
Trade & Expense Creditors	(2,460,060.95)	0.00	0.00	0.00
Employees	(2,915,194.62)	0.00	0.00	0.00
Directors	(21,401.95)	0.00	0.00	0.00
Intercompany Recruitable Limited	(18,494.20)	0.00	0.00	0.00
Ordinary Shareholders	(11,400,000.00)	0.00	0.00	0.00
Vat Receivable		2,139.05	23,493.56	25,632.61
		<b>101,014.49</b>	<b>127,826.23</b>	<b>228,840.72</b>
<b>Net Receipts/(Payments)</b>		<b>94,987.01</b>	<b>(94,987.01)</b>	<b>0.00</b>
<b>MADE UP AS FOLLOWS</b>				
Bank 1 Current - interest bearing		94,987.01	(94,987.01)	0.00
		<b>94,987.01</b>	<b>(94,987.01)</b>	<b>0.00</b>

  
William Antony Batty  
Joint Administrator

Time Entry - SIP9 Time & Cost Summary

KOINEMONEY - Koine Money Ltd  
Project Code: POST  
From: 19/02/2022 To: 03/08/2022

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.30	2.50	0.10	0.70	3.60	1,191.50	330.97
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	8.70	0.00	1.10	9.80	3,383.50	345.26
Investigations	0.00	2.20	0.00	0.00	2.20	825.00	375.00
Realisations of Assets	0.00	2.30	0.00	0.00	2.30	862.50	375.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	0.30	15.70	0.10	1.80	17.90	6,262.50	349.86
Total Fees Claimed						84,283.17	
Total Disbursements Claimed						1,104.61	

Time Entry - Detailed SIP9 Time & Cost Summary

KOINEMONEY - Koine Money Ltd  
From: 19/02/2021 To: 03/08/2022  
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	0.30	7.00	0.10	5.80	13.20	3,306.50	250.49
103 : Appointment notification	0.10	6.60	0.00	0.00	6.70	2,287.50	341.42
104 : Maintenance of records	0.30	4.10	0.00	0.00	4.40	1,528.50	347.39
105 : Statutory reporting	7.70	18.40	0.90	0.00	27.00	9,951.50	368.57
106 : Pre Appointment	1.30	0.00	0.00	1.30	2.60	565.50	435.00
107 : Case Monitoring	0.20	11.40	0.00	0.00	11.60	4,114.00	354.66
110 : Members correspondence	0.00	0.40	0.00	0.00	0.40	150.00	375.00
Administration & Planning	9.90	47.90	1.00	5.80	64.60	21,903.50	339.06
314 : Creditors Meetings	4.00	2.10	0.00	0.00	6.10	2,454.00	402.30
500 : Creditors	11.10	3.60	0.00	2.70	17.40	6,312.50	362.79
501 : Creditor Communication	0.00	4.20	0.00	1.10	5.30	1,577.00	297.55
502 : Claims inc. emp. prefs	0.00	2.70	11.20	1.10	15.00	4,037.50	269.17
505 : Progress Report	1.80	38.20	0.00	0.00	40.00	14,348.00	358.70
506 : Payment of dividends	0.00	0.40	0.00	0.00	0.40	150.00	375.00
507 : Employee claims & redundancy matters	2.30	92.50	0.70	1.70	97.20	33,154.50	341.10
Creditors	19.20	143.70	11.90	6.60	181.40	62,033.50	341.97
200 : Investigations	3.30	7.70	0.00	1.10	12.10	4,235.00	350.00
201 : SIP 2 review	0.00	3.70	0.00	0.00	3.70	1,258.00	340.00
Investigations	3.30	11.40	0.00	1.10	15.80	5,493.00	347.66
300 : Realization of assets	25.80	27.00	0.80	0.00	53.60	21,013.50	392.04
301 : Ident, securing, insuring	0.00	2.20	0.00	0.00	2.20	780.00	354.55
Realisations of Assets	25.80	29.20	0.80	0.00	55.80	21,793.50	390.56
Total Hours	58.20	232.20	13.70	13.50	317.60	111,223.50	350.20
Total Fees Claimed						84,283.17	

## **1. Administration**

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening and holding a meeting of creditors to consider the Administrators' proposals (as applicable).
- Supervising the work of advisors instructed on the case to assist in dealing with pension schemes; obtaining reports and updates from them on the work done; and checking the adequacy of the work done.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Seeking closure clearance from HMRC and other relevant parties.
- Preparing, reviewing and issuing a final report to creditors.
- Seeking discharge as Administrator.
- Filing final returns at Companies House and in Court (as applicable).

## **2 Creditors**

**Employees** - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). The office holder is required to undertake this work as part of their statutory functions.)

**Claims of creditors** - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

**Dividends** - the office holder has to undertake certain statutory formalities in order to enable him to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information

and documentation from the creditors.)

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Office.
- Corresponding with employees regarding their claims.
- Supervising the work of advisors instructed on the case to assist in dealing with employee claims; obtaining reports and updates from them on the work done; and checking the adequacy of the work done.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

**Antony Batty & Company LLP**

**Time Costs – Charge out rates per hour and disbursements policy.**

**1 July 2021 to 30 June 2023**

**Hourly charge out rates**

	<b>2021\23</b>
Office Holder (e.g. Administrator)	£455
Senior Manager	£395
Case Manager	£375
Senior Administrator 1	£285
Senior Administrator 2	£325
Administrator	£195
Junior Administrator	£110

Time is charged in unit of 6 minutes, the minimum unit of time is therefore six minutes.

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

**Disbursement Policy**

Please note that the office holder's disbursements are charged out at the following rates:-

**Category 1** - represent recovery of necessarily incurred expenses at the cost incurred.

Sundry expenses, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

There is a statutory requirement to advertise the following notices in the London Gazette: first meeting of creditors, resolutions for winding-up, appointment of Liquidators, final meetings and notices to creditors to submit claims. Statutory advertising costs are at a fixed rate of £89.20 plus VAT per advert.

Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

There is a statutory requirement for the Liquidator to apply for specific bond cover based on the expected realisations in each appointment. The bond premiums may be found on our website: <http://antonybatty.com/insolvency-resources>.

Travel costs with the exception of mileage costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

**Category 2**

Postage: Franked mail rates, or Royal Mail postage rates (as appropriate).

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.



**PRACTICE FEE RECOVERY POLICY FOR ANTONY BATTY & COMPANY LLP**

**Introduction**

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

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 Practice 9 (SIP 9) "Payments to Insolvency Office Holders and their Associates from an Estate" and can be accessed at <http://www.antonybatty.com/insolvency-resources>. Alternatively a hard copy may be requested from Antony Batty & Company LLP, 3 Field Court, Gray's Inn, London, WC1R 5EF or [office@antonybatty.com](mailto:office@antonybatty.com). Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Case Administration (including statutory reporting).
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading
- Case specific matters.

**Time cost basis**

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in six minute units with supporting narrative to explain the work undertaken.

### Charge out Rates

Grade of staff	Current charge-out rate per hour, effective from 01 July 21 to 30 June 2023 £
Partner – appointment taker	455
Senior Manager	395
Manager	375
Senior Administrator 1	285
Senior Administrator 2	325
Case Administrator	195
Junior case administrator	110

These charge-out rates charged are reviewed on 1 June each year and are adjusted to take account of inflation and the firm's overheads.

Members of staff with the appropriate level of experience and authority will be used for the various aspects of work necessary in this assignment.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs on certain cases:

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an

average or “blended” rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets, but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved

the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Direct Costs**

Where we seek approval on a percentage and / or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Case Administration (including statutory reporting) –costs of case management system.
- Realisation of Assets costs of case management system.
- Investigations - costs of case management system.
- Creditors (claims and distributions) - costs of case management system.
- Trading - costs of case management system.

### **Mixed basis**

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

### **Members' voluntary liquidations and Voluntary Arrangements**

The legislation is different for members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) and Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Expenses**

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the

committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and Company search fees.

The London Gazette's price list can be accessed at <https://www.thegazette.co.uk/place-notice/pricing>. The Marsh Limited specific bond premiums may be found on our website: <http://antonybatty.com/resource>.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.

The practice intends to seek approval to recover the following Category 2 expenses that include an element of shared costs:

Postage: Franked mail rates, or Royal Mail postage rates (as appropriate).

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists\*;
- Employment Claims specialists\*; and
- GDPR/Cyber Security specialists\*.

\* Note: where such professional advisors are instructed on a case, the office holder will not charge any remuneration to the case in respect of such work, other than in respect of supervising and monitoring their work.

### **Reporting and rights to challenge**

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration, and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and / or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and / or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under Rule 18.9 of the Insolvency (England and Wales) Rules 2006, an unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under Rule 18.34, an unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.