

## The Insolvency Act 1986

**Administrator's progress report**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company  INVOCAS GROUP PLC	Company number  SC295886
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(a) Insert full name(s)  
and address(es) of  
administrator(s)

I/We (a)  
Stephen Katz  
David Rubin & Partners  
26 - 28 Bedford Row  
London WC1R 4HE

Paul Cooper  
David Rubin & Partners  
26 - 28 Bedford Row  
London WC1R 4HE

Joint Administrators of the above company attach a progress report for the  
period

(b) Insert dates

from

(b) 20 October 2017

to

(b) 19 April 2018

Signed

Joint Administrator

Dated

22/5/2018

**Contact Details:**

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

David Rubin & Partners  
26 - 28 Bedford Row  
London WC1R 4HE

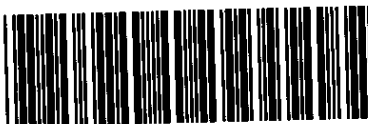
Tel 020 7400 7900

DX Number: 267

DX Exchange: London/Chancery  
Lane

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

Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF  
or 235 Edinburgh / LP 4 Edinburgh-2



SCT \*S76JTOB6\* #27  
23/05/2018  
COMPANIES HOUSE

WEDNESDAY

**IN THE COURT OF SESSION**

**CASE NO P359 OF 2017**

**IN THE MATTER OF**

**INVOCAS GROUP PLC - IN ADMINISTRATION**

**AND**

**THE INSOLVENCY ACT 1986**

**THE JOINT ADMINISTRATORS' SECOND PROGRESS REPORT  
PURSUANT TO  
RULE 2.38 OF THE INSOLVENCY (SCOTLAND) RULES 1986  
FOR THE PERIOD 20 OCTOBER 2017 TO 19 APRIL 2018**

## **INVOCAS GROUP PLC - IN ADMINISTRATION**

### **Joint Administrators' Second Progress Report pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986**

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## **INVOCAS GROUP PLC - IN ADMINISTRATION**

### **Joint Administrators' Second Progress Report pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986**

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#### **(a) Introduction**

I refer to the appointment of Paul Cooper and myself as Joint Administrators of Invocas Group Plc pursuant to an appointment made by KPI (Nominees) Limited and filed at the Court of Session in Scotland. As the first six months' anniversary has recently passed, I am pleased to provide creditors with my first progress report as required by Rule 2.38 of the Insolvency (Scotland) Rules 1986. This report should be read in conjunction with our earlier report to creditors which outlined our Proposals for the Administration.

#### **Rule 2.38: Progress Report**

#### **(b) Statutory information**

##### **(i) Court: Court of Session**

**Reference Number:** P397 of 2017

##### **(ii) Company name:** Invocas Group Plc

**Company number:** SC295886

**Registered office:** Ground Floor, 6 Deer Park Avenue, Fairways Business Park,  
Livingston, West Lothian, EH54 8AF

**Trading Name:** N/A

**Trading Address:** Ground Floor, 6 Deer Park Avenue, Fairways Business Park,  
Livingston, West Lothian, EH54 8AF

#### **(c) Joint Administrators name and address:**

Stephen Katz and Paul Cooper, both of David Rubin & Partners, were appointed Joint Administrators of the Company on 20 April 2017. This appointment was made by the KPI (Nominees) Limited ("KPI"), the holders of a qualifying floating charge, pursuant to paragraph 14 of Schedule B1 to the Insolvency Act 1986.

The Joint Administrators act jointly and severally in the exercise of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

#### **(d) Any changes in the Office Holder**

We were appointed Joint Administrators of the Company on 20 April 2017. There has not been a change in the Office Holder since the original appointment date or an extension to the initial period of appointment.

#### **(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively:**

You may recall that the statutory objective being pursued in the Administration was objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in Administration. In addition to the pursuit of this statutory objective, the Joint Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.

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

Attached at Appendix B is a time analysis outlining the time spent by the Joint Administrators and their staff during the period covered by this report.

My fees estimate was originally provided to creditors when the basis of my remuneration was approved and was based on information available to me at that time. More details explaining the work undertaken by the Joint Administrators in the period are set out in Appendix A.

#### **Trading**

As previously reported, whilst the Company did not generate any income itself, it was necessary to continue to maintain the group overhead structure in the short term in order to preserve the IT infrastructure and in turn the potential value of the subsidiaries. The subsidiaries have as far as possible met the necessary costs of this from the date of appointment.

No separate trading account will be provided in the Administration as this will not provide any meaningful information to creditors.

A receipts and payments account is attached, which is further explained below.

#### **1. Receipts**

##### **1.1 Sale of Subsidiary Shares – Turndebtaround (“TDA”) and Fresh Start UK (“FSUK”)**

As mentioned in our first progress report to creditors, the subsidiary shares were sold to Porterfield Financial Holdings Limited on 11 August 2017 for the total consideration of £600,000 in accordance with the below terms of sale:

	£
Exclusivity payments held as a deposit	50,000
Payable on completion	30,000
6 monthly payments of £30,000	180,000
Bullet payment due on the earlier of FCA approval to change of control, or 6 months.	<u>340,000</u>
	<u><u>600,000</u></u>

We have now received the full sale consideration of £600,000 into the Administration Estate, of which the sum of £460,000 has been received during the period under review. There will be no further realisations in this regard.

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#### **1.2 Invocas Financial Limited ("IFL") Management Charges**

As reported previously, IFL agreed that a monthly management charge of £5,000 plus VAT would be payable.

We have now received the final management charge of £5,000 plus VAT from IFL during the period under review. The total sum of £27,500 plus VAT has now been received and there will be no further realisations in this regard.

#### **1.3 Book Debts**

During the period covered by this report, the sum of £3,183.45 was received from Wylie & Bisset LLP in respect of a first and final dividend of 100p in the £ on a debt due from the sequestration of Brian Vance Kevan, a debtor of the Company.

#### **1.4 Statutory Interest**

The sum of £842.53 has been received in respect of statutory interest on the above mentioned dividend from the sequestration of Brian Vance Kevan.

#### **1.5 Office Furniture & Computer Equipment**

During the reporting period, the sum of £1,250 plus VAT has been received relating to the sale of various items of office furniture and computer equipment, with total realisations to date in this regard totalling £2,750 plus VAT and there will be no further realisations in this regard.

#### **1.6 Bank Interest Gross**

Interest earned on the funds in hand to date totals £77.41, all of which was received during the period covered by this report.

### **2. Payments**

#### **2.1 Specific Bond**

The specific bond is the cost of insurance, based on the level of realisations by the Joint Administrators, as required by the Insolvency Practitioners Regulations 2005. The sum of £94.80 plus VAT has been paid in this regard.

#### **2.2 Agents fees**

##### **Williams & Partners Limited ("WP")**

As mentioned in my previous report WP, independent specialist agents, were instructed to sell the Company's assets, namely the shareholdings in the subsidiaries. They were selected due to their expertise in dealing with insolvent businesses as well as their previous experience in relation to the sale of DMBs. WP are associate members of the National Association of Valuers and Auctioneers.

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The agreed fee with WP was based on a percentage of realisations was as follows:

1st £50,000 – 10%  
2nd £50,000 – 7.5%  
Next £100,000 – 5%  
Over £200,000 – 2.5%

On the above basis, WP would have been entitled to fees of £23,750. We considered these fees, plus disbursements at cost, to be reasonable. However, WP agreed to restrict their fee to £17,750 plus VAT, plus disbursements totalling £4,680.79 plus VAT. These disbursements comprised of £111.27 of travel costs, £655 costs incurred in advertising the assets for sale and £3,792.27 of consultancy fees, incurred in respect of the retention of former members of the Company's key staff to assist with the asset disposal process.

The total amount of £22,430.79 plus VAT has been paid to WP, of which £8,715 plus VAT has been paid during the period under review. There is no amount outstanding in respect of agents fees.

#### **2.3 Peter Davies & Sons ("PD")**

PD incurred costs incurred for providing an inventory and valuation of the Company's office furniture & computer equipment and assisting in the sale thereof were in excess of the level of realisations achieved. PD therefore agreed to limit their fees to the level of realisations, being £1,250 plus VAT.

PD were selected as agents on the basis of their experience and expertise in dealing with valuations and sale of assets in insolvency situations, taking into account the locality and size of the Company. The agreed basis of PD's fees was a time cost basis, plus 10% of net asset realisations achieved. However, PD agreed to limit their fees to the level of realisations. There is no amount outstanding in respect of agents fees.

#### **2.4 IP Bid:**

In order to maximise exposure and therefore increase the chance of a successful sale of the subsidiary shares, a period of marketing was undertaken to include advertising on IP-Bid. The sum of £350 has subsequently been paid during the reporting period in respect of costs incurred for advertising the Company's assets using the IP Bid platform.

#### **2.5 Meeting Costs, Travel and Accommodation**

During the reporting period, the sum of £350 has been paid for the use of meeting facilities at Dakota Hotel Edinburgh for the purposes of holding the initial meeting of the Company's creditors in accordance with Paragraph 51 of Schedule B1 to the Insolvency Act 1986.

A further sum of £3,166.62 has been paid by the Joint Administrators in respect of costs relating to accommodation and travel between the Joint Administrators offices and the Company's premises, as well as costs relating to subsistence when the Joint

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Administrators' staff had to spend an extended period at the Company's premises outside of regular working hours.

#### **2.6 Direct Labour**

The net sum of £2,179.01 has been paid during the period covered by this report to the former employees of the Company for their wages for the period 1 May 2017 to 3 May 2017. This expense was necessary in order to continue to maintain the group overhead structure to preserve the IT infrastructure and in turn to protect the potential value of the subsidiaries.

#### **2.7 PAYE and NI**

The sum of £1,025.36 was paid to HM Revenue and Customs ("HMRC") during the reporting period in respect of PAYE and National Insurance contributions due on the employees' wages for the above mentioned periods.

#### **2.8 Rent**

During the reporting period, the sum of £20,574.25 plus VAT has been paid to Davidson Chalmers LLP, the Landlord's agents, in full and final settlement of rent incurred during the period that the Company occupied the trading premises.

#### **2.9 Preferential Dividend**

A first and final dividend of 100p in the £ was paid to all preferential creditors on 12 February 2018. The total sum of £1,385.96 has been paid to the employees in respect of their preferential claims.

The sum of £2,178.11 was paid to the Insolvency Service on 12 February 2018 representing a first and final dividend of 100p in the £ on their preferential claim of £2,178.11.

The sum of £566.87 was paid to HMRC in respect of deductions made for PAYE and National Insurance contributions from the preferential dividend.

#### **2.10 KPI (Nominees) Ltd**

KPI holds a floating charge over the Company's assets created on 29 May 2016 and registered at Companies House on 7 June 2016. On 7 December 2017 the sum of £310,000 was paid on account to KPI under their floating charge.

Based on the information currently available, it is anticipated that there will be a further distribution paid to KPI of approximately £15,000, the exact quantum and timing of this distribution is currently yet to be determined.

#### **2.11 Business Rates**

The sum of £5,676.26 was paid to West Lothian Council during the reporting period in full and final settlement of business rates incurred during the period of the Company's occupation of the premises following the Joint Administrators' appointment.



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#### **2.12 Legal Fees & Disbursements**

The sum of £4,800 plus VAT was paid to Brodies LLP during the reporting period in respect of legal advice and opinion provided to the Joint Administrators during the Administration period, with the total sum paid to Brodies LLP to date being £35,917.68 plus VAT.

Brodies LLP have a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. Brodies LLP charge their fees on a time costs basis and they have provided me with an analysis of the time they have spent.

#### **2.13 Carriage & Archiving**

The sum of £1,275 was paid during the reporting period in respect of the Joint Administrators' costs incurred in securing, cataloguing and archiving the physical books and records of the Company.

#### **Costs incurred and paid outside of the reporting period**

##### **Utilities**

During the Reporting Period, the Joint Administrators' staff have liaised extensively with the Company's former gas and electricity suppliers in respect of costs incurred during the period of the Company's occupation of the premises following the Joint Administrators' appointment.

Final liabilities of £215.48 plus VAT and £5,437.44 plus VAT have been agreed with the gas and electricity suppliers, respectively, and payment has been made outside of the period of this report.

#### **(f) Joint Administrators' Remuneration and Expenses**

- i) The Joint Administrators' remuneration was fixed by the creditors by reference to time spent in attending to matters arising in the Administration. A statement of remuneration charged and description of work undertaken are provided at Appendix A and has currently been limited by agreement with the Company's creditors to £100,000.

As part of this report, and based on the realisations achieved, I am now proposing that the cap on my remuneration be raised. I have agreed with KPI that they are agreeable to me drawing from the funds otherwise available for them a further sum, and in this regard I wish to vary the current cap on my remuneration, from the previously approved figure of £100,000 to the figure of £130,000, with fees to be drawn by agreement with the chargeholder as and when funds become available.

Creditors will note from the analysis at Appendix A that my time costs currently total £189,863.

A postal voting form to deal with the proposed increase on the cap is attached at Appendix F to this report.

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- ii) Expenses incurred in the Administration are explained above in my comments on the Receipts and Payments Accounts.

#### **(g) Creditors and Distributions**

##### **(i) (a) Secured creditors**

The Company operated a facility with the Royal Bank of Scotland ("RBS") and they hold a floating charge over the Company's assets, present and future. The floating charge was created on 28 January 2016 and registered at Companies House on 5 February 2018, however, it was understood that there are no monies due under this charge. RBS were sent notice of the Joint Administrators proposed appointment.

The directors Statement of Affairs states that the sum of £1,787 is due to RBS in respect of a credit card facility. No claim has been lodged at present and in the absence of any claim from RBS in this regard, we will be arranging for a memorandum of satisfaction to be filed in this regard.

KPI holds a floating charge over the Company's assets, present and future, created on 29 May 2016 and registered at Companies House on 7 June 2016. Including legal costs, KPI are owed c.£350,000 plus accruing interest and charges under their security. It was anticipated that there would be insufficient funds available in order to repay this amount in full and therefore there would be a shortfall to KPI.

To date the sum of £310,000 has been paid to KPI under their floating charge. As stated previously, it is anticipated that there will be a further distribution paid to KPI of approximately £15,000, which I anticipate will be paid within the next few weeks.

##### **(b) Prescribed Part**

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder, where the debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts.

Based on present information, as set out in the Estimated Outcome Statement enclosed at Appendix C, I estimate the value of the Company's net floating charge property to be £411,124.17. Arising from this, the value of the Prescribed Part is estimated to be £85,069.23.

Accordingly, please find enclosed at Appendix D formal notice of my intention to pay a distribution to non-preferential creditors from the Prescribed Part. Creditors who have not yet submitted details of their claim in writing should do so by no later than 22 June 2018 by completing and returning the enclosed Proof of Debt form, together with any supporting documentation, to Jessica Tumath of this office either by post or by email to [JessicaT@drpartners.com](mailto:JessicaT@drpartners.com).

Please note that the costs of adjudicating creditor claims and making the necessary distribution from the prescribed part will be charged separately against that fund on the approved basis as detailed at Paragraph (f)(i) above.

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#### **(ii) Preferential creditors**

As mentioned above, we received a preferential claim from the Redundancy Payments Service for £2,178.11. There were also residual preferential claims of 5 employees who were owed the balance of their holiday pay and arrears of wages amounting to £1,962.83, before PAYE and NIC deductions of £566.27 were applied.

Preferential creditors were paid in full on 12 February 2018.

#### **(iii) Unsecured creditors**

As funds will now only become available for unsecured creditors by way of the Prescribed Part, the Joint Administrators have been requesting creditors to submit their claims, if they have not already done so, in order that they can be established for distribution purposes.

To date, unsecured claims of 21 creditors, with a total value of £730,052, have been received. As previously reported, there will be insufficient funds to enable a distribution to be paid to unsecured creditors other than by way of the Prescribed Part.

You will recall from my previous reports that the total claims indicated above include the unsecured claim of John Hall in the sum of £209,574.35, which has been submitted on the basis of full-time employment by the Company. However, as at the date of the Administration, Mr Hall was working one day per week, with his annual salary being pro-rated accordingly. It is therefore anticipated that Mr Hall's claim will be significantly reduced on a pro-rata basis to c.£41,000, which remains subject to formal adjudication.

As mentioned above, I have now formed the prescribed part and based on the information currently available, and subject to the final adjudication and distribution costs, it is estimated that the return to unsecured creditors by way of the prescribed part will be in the region of 10-12p in the £.

As noted above, in accordance with Rule 7.31 of the Rules, the specific costs of adjudicating upon creditors' claims and distributing the prescribed part to creditors will be paid from the fund formed on the agreed remuneration basis reported on above.

#### **(h) Details of what remains to be done**

##### **Assets Remaining to be Realised**

##### **The Affordability Assessment Centre Limited ("TAAC")**

As previously reported, TAAC is an independent assessment and repository software programme, and it is a wholly-owned subsidiary of the Company. This service was still in development with the intention that it can be used by businesses, partners and consumers and also carries out budget planning for individuals.

Our agents have reported that despite marketing the software, no purchaser has been identified and it is currently unlikely as to whether there will be any realisations given the limited interest received.

### **Invocas Financial Limited**

IFL was placed into Compulsory Liquidation on 20 September 2017, and Mark Reynolds and Natasha Brodie of Valentine & Co, 5 Stirling Court, Borehamwood, WD6 2FX were appointed Joint Liquidators. Creditors will recall that the sum of c.£7.7m is owed by IFL to the Company.

The level of realisations due to the Administration estate from the Liquidation of IFL is now known and it is estimated that the Liquidators of IFL will only be able to distribute funds to IFL's secured creditor; with the likely distribution estimated at c.£8,800.

#### **(i) Other information of relevance to creditors:**

##### ***Extension of the Administration***

The statutory purpose of the Administration, being objective (c) – achieving a return to the secured and/or preferential creditors has now been achieved. However, as detailed in my report dated 28 February 2018, there were several matters which it was not possible to finalise prior to the automatic end of the Administration on 20 April 2018.

In accordance with Paragraph 58 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators therefore sought for the Administration to be extended for a period of 12 months by way of consent, to allow for the matters detailed in this report to be concluded, and to make a distribution under the prescribed part.

The Joint Administrators subsequently received the requisite consent from the Company's creditors to enable the Administration to be extended for a period of 12 months until 19 April 2019, with formal notification to this effect being circulated to the Company's creditors and filed at Companies House on 23 March 2018.

##### ***Investigations***

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

In accordance with the Company Directors Disqualification Act 1986 the Joint Administrators have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy (**BEIS**). As this is a confidential report, we are not able to disclose the contents.

Shortly after our appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire. My examinations have not revealed any issues requiring further investigation.

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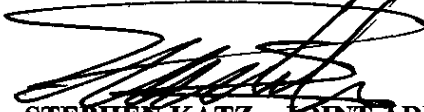
**Joint Administrators' Second Progress Report pursuant to Rule 2.38 of the Insolvency  
(Scotland) Rules 1986**

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**(j) Next report**

We are required to provide a Progress Report within six weeks of the end of the next six months of the Administration, or earlier if the Administration has been finalised.

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance either our Manager, Robert Mitchell, or their assistant, Jessica Tumath, at this office.



**STEPHEN KATZ - JOINT ADMINISTRATOR**

**DATE:** 22/5/18

## APPENDIX A

### JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

#### 1. Joint Administrators' Remuneration

I have now reviewed my firm's time costs, and would advise that for the period from my last report up to date, the total time costs incurred amount to £37,828 for 160.1 hours, which equates to an average cost of £236.28 per hour. A breakdown of these time charges is set out in Appendix B.

I have also reviewed my cumulative time costs for the period from 20 April 2017 to 19 April 2018 and would report that my total time costs are £189,863 for 666.7 hours, which equates to an average cost of £284.78 per hour. A breakdown of my time charges is also set out in Appendix B. To date and during the period under review the sum of £100,000 plus VAT has been paid on account of these time costs.

##### 1.1 *Staff allocation and the use of subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

##### 1.2 *Basis of Joint Administrators' Remuneration*

An Administrator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

The above work will not necessarily bring any financial benefit to creditors generally, however an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.

Creditors may recall that at the adjourned meeting of creditors on 12 July 2017 to discuss the Joint Administrators' proposals, a resolution was passed to fix the Joint Administrators' remuneration by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration, and further the Joint Administrators were authorised to draw category 2 disbursements and be entitled to draw sums on account of their remuneration and disbursements as and when funds permit.

You will further recall that the basis of our fees was approved by creditors at a meeting called under Rule 2.27 of the Insolvency (Scotland) Rules 1986. The basis of our fees was required to be approved by all classes of creditors, as the information available at that time had indicated that there would be sufficient realisations achieved in the Administration to enable a distribution to be paid to unsecured creditors and therefore hierarchal objective (b) could be achieved.

Please note that the sum of £56,509 was approved in respect of remuneration and £18,383 was approved in respect of expenses incurred at the meeting of creditors on 12 July 2017.

As we are now only able to achieve objective (c) and as a consequence of the variation of the proposals as previously reported, the basis of our remuneration subsequently was required to be approved by the Company's secured and preferential creditors in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986.

In accordance with Rule 2.39(3) of the Insolvency (Scotland) Rules 1986, and for completeness, all known creditors were requested to issue a determination fixing the outlays and remuneration payable to the Joint Administrators and on 5 January 2018, a determination was made by creditors approving the Joint Administrators remuneration for the period 20 April 2017 to 19 October 2017, capped at £100,000 (exclusive of VAT) plus outlays of £127,414 (exclusive of VAT) for which sums are due and payable now to the Joint Administrators.

The total sum of £100,000 plus VAT of remuneration has been drawn to date, of which £50,000 plus VAT has been drawn during the period under review.

## **2. Chargeout rates**

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), I would advise that my firm's current hourly chargeout rates applicable to this appointment, which are charged in units of 6 minutes, exclusive of VAT, are as follows:-

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. Time is charged in minimum units of 6 minutes.

## **3. Case overview**

As mentioned in the Joint Administrators' previous reports, this Administration has involved dealing with the sale of the Company's assets including, in particular liaising with the agents

in order to oversee the marketing and sale of the business and assets of the Company as well as carrying out our statutory investigations.

During the period under review, the Joint Administrators have liaised closely with the Joint Liquidators of IFL in respect of intercompany debts and management charges, dealing with all secured, preferential and unsecured creditors' correspondence and claims and making a distribution to the Company's preferential and secured creditors.

Furthermore, we have continued to experience delays in receiving VAT repayments due to the Administration estate and have expended a considerable amount of time in continuing to chase HMRC for repayments of c.£14,500, which were subsequently received outside of the period covered by this report.

#### **4. Other Issues affecting costs**

The eventual and successful sale of assets was only achieved after intense periods of negotiations with interested parties, regulatory bodies and the eventual purchaser. Due to the nature of the assets and high level of interest from different parties, there was a large amount of direct partner involvement in the disposal process.

In addition to the above functions, other work undertaken to date are the following:-

- i.) In-depth discussions with solicitors and agents regarding the sale of the Company's business; negotiating the sale business and assets and finalising the Sale and Purchase Agreement with our solicitors.
- ii.) Preparation and circulation of notice of appointment and subsequent the proposals to creditors pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986.
- iii.) Reviewing charges given to secured creditors and agreeing their claims and making a distribution to KPI;
- iv.) Calculating preferential claims of ex-employees and agreeing the preferential claim of Redundancy Payments Service.
- v.) Obtaining and acknowledging the claims of unsecured creditors and dealing with any correspondence therein, including employee claims and correspondence with the Redundancy Payments Service;
- vi.) Making a first and final distribution to the preferential creditors;
- vii.) Arranging the insolvency practitioner's bond and submission of the bordereau as required by section 390 of the Insolvency Act 1986.
- viii.) Correspondence with the HM Revenue and Customs both as regards PAYE/NIC and VAT. Preparing the relevant documentation to remove the Company from its original group VAT registration and re-registering as a sole entity.
- ix.) Preparation and submission of the Joint Administrators' report on the conduct of the directors pursuant to the requirements of the Company Directors Disqualification Act 1986;
- x.) Substantial correspondence with the former directors and other creditors;



- xi.) Holding the initial and adjourned meetings of creditors in Scotland together with associated creditor engagement.
- xii.) Dealing with all matters relating to the surrender of the Lease back to the Landlord;
- xiii.) Dealing with all matters relating to the sale of Company's assets including liaising with the lawyers and agents;
- xiv.) Preparing the relevant VAT returns for the claiming of VAT inputs and chasing HMRC for the remittance of the VAT repayment due;
- xv.) Dealing with all matters relating to the revision of the Company's statutory objective and determination of the Joint Administrators outlays and remuneration;
- xvi.) Periodic case reviews to ensure statutory compliance;
- xvii.) Preparation and circulation of the six monthly progress report;
- xviii.) Preparation and circulation of my progress report and decision by correspondence in order to obtain an extension of the Administration by creditor consent;
- xix.) Liaising with the Landlord, local business rates authority and various utilities suppliers in order to finalise and pay sums due in respect of the Company's occupation of the premises.

The following outstanding matters need to be dealt with prior to the case being moved to closure:

- Realisation of Intercompany debts from IFL
- Agreeing claims and paying a dividend to the unsecured creditors under the prescribed part
- Final tax computations and submissions
- Payment of final disbursements
- Final Progress Report to creditors
- Closure review
- Moving the Company into dissolution.

The statutory matters and closing review are unavoidable processes of any Administration. I anticipate the case will remain open for the next 6-9 months with anticipated time costs accruing of around £15,000-20,000.

Other than statutory expenses such as advertising and disbursements, such as storage costs, and the expenses detailed above, I do not anticipate that there will be any further expenses paid.

To view an explanatory note concerning Administrators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website [www.drpartners.com/cases](http://www.drpartners.com/cases), using the following log-on details:

USERNAME: I857@drco.co.uk

PASSWORD: 758Iks\*!

Alternatively, please contact this office to arrange for a copy to be sent to you.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from our website..

## 6. Creditors' rights

In accordance with Rule 2.39A of the Insolvency (Scotland) Rules 1986, if the administrator's remuneration has been fixed by the creditors' committee or by the creditors, any creditor or creditors of the company representing in value at least 25 percent of the creditors may apply to the court not later than 8 weeks after the end of an accounting period for an order that the administrator's remuneration be reduced, on the grounds that it is, in all the circumstances, excessive.

If the court considers the application to be well-founded, it shall make an order fixing the remuneration at a reduced amount or rate. The court may, if it appears to be a proper case, order the expenses of the creditor making the application to be paid as an expense of the administration.

## 7. Policy as regards disbursements:

### Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

### Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

#### Postage and stationery: circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

**Meeting Costs:** Use of Meeting Room is charged at £150 per session

#### Storage and Archiving

We use a commercial archiving company for storage facilities for companies' records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £50 per hour

**Mileage** incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 45p per mile

## INVOCAS GROUP PLC - IN ADMINISTRATION

JOINT ADMINISTRATORS' TIME COSTS							
FOR THE PERIOD 20 OCTOBER 2017 TO 19 APRIL 2018							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning	04:30	40:42	38:54	07:54	92:00	20,098.50	218.46
Investigations	02:18	00:00	00:00	00:00	02:18	908.50	395.00
Realisations of assets	04:54	14:18	04:42	00:00	23:54	6,336.50	265.13
Creditors	02:42	32:48	06:00	00:00	41:30	10,326.50	248.83
Trading	00:00	00:00	00:00	00:00	00:24	158.00	395.00
Total hours and costs	14:24	87:48	49:36	07:54	160:06	37,828.00	236.28

JOINT ADMINISTRATORS' CUMULATIVE TIME COSTS							
FOR THE PERIOD FROM 20 APRIL 2017 TO 19 APRIL 2018							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
<b>Statutory compliance, admin and planning</b>							
IPS set up & maintenance	00:00	00:00	00:54	00:00	00:54	198.00	220.00
Statutory filings, circulars, notices, etc.	00:00	00:00	25:00	00:00	25:00	5,124.00	204.96
Case planning, strategy & control	00:18	35:06	08:06	00:00	43:30	10,583.50	243.30
Taxation: PAYE, C/Tax & VAT	01:12	07:06	05:48	00:00	14:06	3,250.00	230.50
Accounting & Cashiering	00:00	00:00	01:00	13:24	14:24	2,252.00	156.39
Case reviews & Diary maintenance	00:30	13:00	09:12	00:00	22:42	5,162.50	227.42
Statutory reporting and compliance	41:06	66:12	41:42	00:00	149:00	40,990.50	275.10
<b>Investigations</b>							
CDDA preparation & reporting	01:06	00:00	04:54	00:00	06:00	1,512.50	252.08
SIP2 assessment and financial review	01:24	06:00	03:30	00:00	10:54	2,823.00	258.99
Antecedent transactions	02:06	08:36	09:36	00:00	20:18	5,091.50	250.81
Proceedings & recoveries	00:18	01:54	00:00	00:00	02:12	593.50	269.77
<b>Realisation of assets</b>							
Freehold & leasehold properties	00:30	11:24	01:18	00:00	13:12	3,277.50	248.30
Shares & investments	00:00	08:48	00:30	00:00	09:18	2,310.00	248.39
Book debts collection	00:00	00:48	00:00	00:00	00:48	200.00	250.00
Tangible assets	140:36	49:24	10:30	00:00	200:30	69,993.00	349.09
<b>Creditors</b>							
Secured creditors	08:54	04:36	00:00	00:00	13:30	4,665.50	345.59
Unsec'd Creditors: correspondence & claims	04:00	36:48	11:12	00:00	52:00	13,024.00	250.46
Preferential creditors & employees	03:36	37:36	04:54	00:00	46:06	11,860.00	257.27
Creditors' Committee	00:00	00:00	00:00	00:00	00:00	0.00	#DIV/0!
<b>Trading</b>							
Admin, strategy and planning	10:00	07:24	00:00	00:00	17:24	5,800.00	333.33
Purchases and expenses	00:12	00:00	03:24	00:00	03:36	827.00	229.72
Employees and payroll	00:00	01:18	00:00	00:00	01:18	325.00	250.00
Total hours and costs	215:48	296:00	141:30	13:24	666:42	189,863.00	284.78

The above headings include *inter alia*:

**Administration and Planning**

Case planning  
Administrative set-up  
Appointment notification  
Maintenance of records  
Statutory reporting and compliance  
Tax and VAT

**Realisation of Assets**

Identifying and securing assets  
Debt collection  
Property, business and asset sales

**Investigations**

SIP2 review  
Investigating antecedent transactions  
Reports pursuant to Company Directors Disqualification Act 1986

**Creditors**

Communications with creditors  
Creditors claims (including secured creditors, employees and preferential creditors)

**INVOCAS GROUP PLC**  
**JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE PERIOD FROM 20 APRIL 2017 TO 19 APRIL 2018**

	<u>Estimated to realise</u>	<u>Realised to Date</u>	<u>From 20 October 2017 to 19 April 2018</u>
	£	£	£
<b>Balance brought forward</b>			60,967.81
<b><u>Receipts</u></b>			
Shares in Subsidiaries	1,426,743.00	600,000.00	460,000.00
Cash at Bank	814.00	-	-
Office Furniture & Equipment	2,000.00	2,750.00	1,250.00
IT Equipment	1,000.00	-	-
Trade Marks	4.00	-	-
Management Charges		27,500.00	5,000.00
Sundry Refunds		283.48	-
Book Debts		4,523.35	3,183.45
Bank Interest Gross		77.41	77.41
Statutory Interest		842.53	842.53
		<u>635,976.77</u>	<u>470,353.39</u>
<b><u>Payments</u></b>			
Office Holders' Fees		100,000.00	50,000.00
Office Holders' Pre-Appointment Fees		8,112.00	-
Legal Fees and Disbursements		35,917.68	4,800.00
Agents' Fees and Disbursements		22,780.79	9,065.00
Telephony		1,371.70	-
Statutory Advertising		338.40	-
Meeting Costs, Travel & Accommodation		3,516.62	3,516.62
Carriage & Archiving		1,275.00	1,275.00
Agents & Valuers Fees		1,250.00	1,250.00
Specific Bond		94.80	94.80
PAYE & NIC		1,025.36	1,025.36
KPI (Nominees) Ltd		310,000.00	310,000.00
Direct Labour		2,179.07	2,179.07
Rent		20,574.25	20,574.25
Rates		5,676.26	5,676.26
		<u>514,111.93</u>	<u>409,456.36</u>
<b><u>Receipts less Payments</u></b>		<u>121,864.84</u>	<u>121,864.84</u>
<b><u>Distributions:</u></b>			
<b>Preferential creditors</b>	<b>Date</b>		
1st and Final Dividend of 100 p in the £	12/02/2018	(4,140.94)	(4,140.94)
		<u>117,723.90</u>	<u>117,723.90</u>
<b><u>BALANCE IN HAND</u></b>		<u>117,723.90</u>	<u>117,723.90</u>
<b><u>Represented by:-</u></b>			
Balance at bank			101,887.52
VAT Recoverable			15,836.38
			<u>117,723.90</u>

**INVOCAS GROUP PLC**  
**JOINT ADMINISTRATORS' PRESCRIBED PART CALCULATION**  
**AS AT 22 MAY 2018**

	<u>Estimated to realise</u> £	To Date £	Future £	Total £
<b>Balance brought forward</b>				
<b><u>Receipts</u></b>				
Shares in Subsidiaries	1,426,743.00	600,000.00	-	600,000.00
Cash at Bank	814.00	-	-	0.00
Office Furniture & Computer Equipment	2,000.00	2,750.00	-	2,750.00
IT Equipment	1,000.00	-	-	0.00
Trade Marks	4.00	-	-	0.00
Management Charges		27,500.00	-	27,500.00
Sundry Refunds		283.48	-	283.48
Domain Names		750.00	-	750.00
Book Debts		4,869.08	-	4,869.08
Statutory Interest		842.53	-	842.53
Bank Interest Gross		77.41	-	77.41
		<u>637,072.50</u>	<u>-</u>	<u>637,072.50</u>
<b><u>Payments</u></b>				
Office Holders' Fees		100,000.00	8,078.00	108,078.00
Office Holders' Pre-Appointment Fees		8,112.00	-	8,112.00
Legal Fees and Disbursements		35,917.68	-	35,917.68
Agents' Fees and Disbursements		24,280.79	-	24,280.79
Meeting Costs, Travel & Accommodation		3,516.62	-	3,516.62
Specific Bond		94.80	220.00	314.80
Direct Labour		2,179.07	-	2,179.07
Rent		20,574.25	-	20,574.25
Utilities - Gas		215.48	-	215.48
Utilities - Electricity		5,437.45	-	5,437.45
Business Rates		5,676.26	-	5,676.26
Telephone		1,371.70	-	1,371.70
PAYE & NIC		1,025.36	-	1,025.36
Carriage & Archiving		1,275.00	-	1,275.00
Bank Charges		-	-	-
Statutory Advertising		338.40	84.60	423.00
Disbursements and out of pocket expenses		-	4,187.93	4,187.93
		<u>210,014.86</u>	<u>12,570.53</u>	<u>222,585.39</u>
<b><u>Receipts less Payments</u></b>		<u>427,057.64</u>	<u>(12,570.53)</u>	<u>414,487.11</u>
<b><u>Distributions:</u></b>				
Preferential creditors	<u>Date</u>			
1st and Final Dividend of 100 p in the £	12/02/2018	(4,140.94)	-	(4,140.94)
<b>Net Property</b>				<b>410,346.17</b>
<b><u>Prescribed Part</u></b>				<b><u>85,069.23</u></b>
<b>Funds available to Floating Charge Holder</b>				<b>325,276.94</b>
Less: Distributed previously				(310,000.00)
<b><u>Balance due to chargeholder</u></b>				<b><u>15,276.94</u></b>

**INVOCAS GROUP PLC - IN ADMINISTRATION  
AND THE INSOLVENCY (SCOTLAND) RULES 1986**

**NOTICE OF INTENDED DIVIDEND**

NOTICE IS HEREBY GIVEN that the Joint Administrators propose to declare a dividend to the unsecured creditors of the Company, by way of the Prescribed Part.

The last date for proving debts against the Company is 22 June 2018, by which date claims must be sent to the undersigned, Stephen Katz and Paul Cooper of David Rubin & Partners, 26 - 28 Bedford Row, London, WC1R 4HE, the Joint Administrators of the Company.

Notice is further given that the Joint Administrators intend to declare a first and final dividend within 2 months of the last date for proving.

DATED THIS 22 MAY 2018

A handwritten signature in black ink, appearing to be 'Stephen Katz', written over a horizontal line.

**Stephen Katz – Joint Administrator**

**PROOF OF DEBT - GENERAL FORM**

**IN THE MATTER OF: INVOCAS GROUP PLC - IN ADMINISTRATION  
and**

**IN THE MATTER OF THE INSOLVENCY ACT 1986**

**Date of Administration: 20 April 2017**

1.	Name of Creditor.	
2.	Address of Creditor.	
3.	Total amount of Claim, including any VAT, and outstanding uncapitalised interest as at the date the company went into Administration [see notes at 5 below].	£
4.	If amount at 3 above includes outstanding uncapitalised interest please state amount.	
5.	Details of any document by reference to which the debt can be substantiated. [note: the Administrator/liquidator may call for any document or evidence to substantiate the claim at his discretion].	
6.	Particulars of how and when debt incurred. (If you need more space, please append a continuation sheet to this form)	
7.	Particulars of any security held, the value of the security, and the date it was given.	£
8.	Particulars of any reservation of title claims in respect of goods supplied.	

11.	Signature of creditor or person to act on his behalf .....
	Name in BLOCK LETTERS .....
	Position with or relation to creditor .....

**FOR OFFICE USE ONLY**

Admitted to vote for £

Date:

Administrator/Manager: .....

**INVOCAS GROUP PLC (IN ADMINISTRATION)**

**CREDITOR DETERMINATION OF OUTLAYS AND REMUNERATION**

I ..... of ..... being a creditor of  
Invocas Group Plc in Administration,

waive the failure to comply with the time limit set out in Rule 2.39 which requires the account of  
intromissions and claims for remuneration and outlays to be submitted within two weeks after the end  
of an accounting period and

having examined and audited the account of intromissions and claims for remuneration and outlays by  
the Joint Administrators for the period 20 October 2017 to 19 April 2018, find it correctly stated and  
vouched and issue a determination fixing the Joint Administrators' remuneration for the  
aforementioned period initially capped at the total sum of

£30,000 (exclusive of VAT) plus outlays of £49,456.36 (exclusive of VAT) which sums are due and  
payable now to the Joint Administrators

.....  
Signed

.....  
Dated: