

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

THURSDAY



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01/06/2023

#122

COMPANIES HOUSE

### 1 Company details

Company number 5 0 4 8 3 1 7

Company name in full Blue Badge Designs Limited

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

### 2 Liquidator's name

Full forename(s) Julie Elizabeth

Surname Willetts

### 3 Liquidator's address

Building name/number Blades Insolvency Services

Street Charlotte House

19B Market Place

Post town Bingham

County/Region Nottingham

Postcode N G 1 3 8 A P

Country

### 4 Liquidator's name

Full forename(s) Gary Paul

Surname Shankland

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

### 5 Liquidator's address

Building name/number Begbies Traynor (London) LLP

Street 31st Floor

40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

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

LIQ03

Notice of progress report in voluntary winding up

**6** Period of progress report

From date	d	0	d	4	m	0	m	4	y	2	y	0	y	2	y	2
To date	d	0	d	3	m	0	m	4	y	2	y	0	y	2	y	3

**7** Progress report

☒ The progress report is attached

**8** Sign and date

Liquidator's signature

Signature

X Julie Wicketts X

Signature date

d 31 m 05 y 2023

LIQ03

## Notice of progress report in voluntary winding up

**Presenter information**

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

Contact name	Shelley Hargreaves
Company name	Blades Insolvency Services
Address	Charlotte House 19B Market Place Bingham Nottingham
Post town	
County/Region	
Postcode	N G 1 3 8 A P
Country	
DX	
Telephone	01949831260

**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)

Our ref JW/2934/A  
31 May 2023

**TO ALL MEMBERS AND CREDITORS**

Dear Sir/Madam

**BLUE BADGE DESIGNS LIMITED  
IN CREDITORS' VOLUNTARY LIQUIDATION**

This is my report to members and creditors following the anniversary of my appointment as Joint Liquidator of the company on 4 April 2022. This report should be read in conjunction with my initial report to creditors.

This practice uses personal information to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation and to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how we use your personal information in our privacy statement which may be viewed on our website at [www.bladesinsolvency.co.uk](http://www.bladesinsolvency.co.uk)

If creditors have any queries concerning the conduct of the liquidation, or if they wish to obtain hard copies of any of the documents made available online, they should contact Christine Lingard of this office by telephone on 01949 831260 or by email to [c.lingard@bladesinsolvency.co.uk](mailto:c.lingard@bladesinsolvency.co.uk)

Yours faithfully  
for and on behalf of  
BLUE BADGE DESIGNS LIMITED



**J Willetts**  
Joint Liquidator

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**BLUE BADGE DESIGNS LIMITED**  
**IN CREDITORS' VOLUNTARY LIQUIDATION**

**JOINT LIQUIDATORS' ANNUAL PROGRESS REPORT TO  
CREDITORS AND MEMBERS**

**FOR THE YEAR ENDED 3 APRIL 2023**

## **BLUE BADGE DESIGNS LIMITED**

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- 7 Future reports

### **APPENDICES**

- A Summary of receipts and payments for the period from 4 April 2022 to 3 April 2023
- B Time analyses for the period from 4 April 2022 to 3 April 2023
- C Joint Liquidators' fees and disbursements charging policies
- D Additional information in relation to the Joint Liquidators' fees and expenses

## **1. Introduction and statutory information**

- 1.1 We, Julie Willetts of Blades Insolvency Services, Charlotte House, 19B Market Place, Bingham, Nottingham, NG13 8AP and Gary Paul Shankland of Begbies Traynor (London) LLP, 31<sup>st</sup> Floor, 40 Bank Street, London E14 5NR, were appointed Joint Liquidators of Blue Badge Designs Limited ("the Company") on 4 April 2022.
- 1.2 This progress report covers the period from 4 April 2022, being the date of liquidation, to 3 April 2023 ("the Period") and should be read in conjunction with the initial report to creditors that was issued following our appointment.
- 1.3 The Company's trading address was Unit 5, St Gabriel's Business Park, St Gabriel's Road, Bristol, BS5 0RT.
- 1.4 The registered office of the Company was changed following the commencement of the liquidation to Charlotte House, 19B Market Place, Bingham, Nottingham, NG13 8AP.
- 1.5 The Company's registered number is 5048317.

## **2. Progress of the liquidation**

- 2.1 This section of the report provides an update on the progress made in the liquidation during the Period and an explanation of the work done by the Joint Liquidators and their staff.
- 2.2 A summary of our receipts and payments for the Period is included at Appendix A.
- 2.3 The following is a summary of work carried out in the Period of this report by Blades Insolvency Services:

### **Statutory, administration and planning**

- Notification of appointment to creditors.
- Preparation of post-liquidation VAT and corporation tax returns.
- Maintenance of estate bank accounts including reconciliations.
- Internal case reviews and progression of case.
- Preparation of annual progress report to creditors.
- Liaising with Joint Liquidator.

### **Asset realisations**

- Liaising with agents regarding the sale of the Company's assets.
- Correspondence with HSBC UK Bank Plc regarding the funds held in the Company's bank account.
- Collection of book debts.

### **Creditors**

- General correspondence with creditors regarding their claims and providing acknowledgements where requested.
- Processing employee claims.

2.4 The following is a summary of work carried out in the Period of this report by Begbies Traynor:

### **Statutory, administration and planning**

- Internal case reviews and progression of case.
- Assisting with the preparation of annual progress report to creditors.
- Liaising with Joint Liquidator.

### **Investigation**

- Reviewing books and records for potential recoveries and any matters of concern that require reporting to the Insolvency Service under the Company Directors Disqualification Act 1986.
- Submitting a confidential report to the Insolvency Service.

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

- 2.5 An officeholder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that we anticipated would be necessary in this area was outlined in the fees estimate and explanatory information that was sent to creditors prior to our appointment.
- 2.6 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the progression of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Liquidators.
- 2.7 As explained in our initial fees estimate/information, this work does not necessarily bring any financial benefit to creditors but is required on every case by to comply with our statutory and regulatory obligations.

### **Realisation of assets**

- 2.8 The Company's plant and machinery, office equipment, stock in trade and motor vehicle were sold by our agent, Eddisons Commercial Limited ("Eddisons"), for £16,068 by way of public auction. These assets had been valued previously for the purpose of preparing the statement of affairs at £15,200 and £7,600 on a going concern and forced sale bases respectively.



- 2.9 Trade debts with a book value of £109,000 were included in the Statement of affairs with an estimated realisable value of £95,000. Recoveries in the Period total £10,800. Various debts, totalling £48,166 were paid directly into the Company's bank account with HSBC UK Bank Plc. Despite several requests for a breakdown of this amount no information was received from the bank and the matter was referred to our solicitors, Aaron and Partners LLP ("Aarons").
- 2.10 Aarons have recovered £24,959 from the bank, in respect of book debt realisations subsequent to the end of the Period. The remaining funds, being £23,207, were received by the bank prior to the date of liquidation and have been applied against the secured indebtedness.
- 2.11 Philip Elliott Associates has been instructed to pursue the remaining debts which total approximately £50,000.
- 2.12 Cash in hand of £36,000 represents funds that were held in a client account pending the appointment of a liquidator.
- 2.13 The Company's goodwill was sold for £15,000 in May 2022 to Evans & Green Limited, a company partly owned by Elwynne Green, a director of this Company.
- 2.14 Interest of £91.73 has been received in the Period in respect of funds held in a deposit account.

### **Expenditure in the liquidation**

- 2.15 With the exception of the costs of convening the initial meeting of creditors and the Joint Liquidators' fees and expenses, which are discussed below, we consider that the expenditure reported in the receipts and payments account is self-explanatory, although we would comment as below:
- 2.16 Eddisons has been paid £4,661 in respect of fees and expenses associated with the sale of the Company's assets.
- 2.17 Aarons has been paid £6,417 for legal advice regarding the debenture afforded to HSBC Bank UK Plc and to secure the release of funds held by the bank.
- 2.18 Philip Elliott Associates has been paid £750 in respect of debt collection charges.
- 2.19 Bank charges of £0.35 have been incurred in the Period.

### **Investigations**

- 2.20 Some of the work the Joint Liquidators are required to undertake is to comply with legislation such as the Company Directors Disqualification Act 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 Joint Liquidators can pursue for the benefit of creditors.

- 2.21 You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, a liquidator is also required to consider the conduct of the company's directors and to make an appropriate submission to the Insolvency Service.
- 2.22 We can confirm that we have discharged our duties in these respects. Please note this report is confidential and we are unable to disclose its contents.
- 2.23 We have undertaken an initial assessment of the way in which the business was conducted prior to the date of liquidation of the Company and undertaken a review of the Company's records to identify potential recoveries for the estate.
- 2.24 There are certain matters which have been identified which warrant further investigation in respect of potential recoveries to the estate. Given the sensitive nature of these matters we are unable to provide any further detail at this time and any financial benefit to creditors in carrying out the above work is unclear at present. Once we have fully concluded this work we will be in a position where we can fully appraise creditors.

### **3 Creditors and dividend prospects**

#### ***Secured creditors***

- 3.1 The Company granted a debenture in favour of HSBC UK Bank Plc conferring fixed and floating charges over the assets and undertaking of the business. The bank was owed £138,328 at the date of liquidation, subject to ongoing interest.

#### ***Preferential creditors***

- 3.2 The Redundancy Payments Office has submitted a claim for £4,131 in respect of unpaid wages and holiday pay. The estimated liability reported in the directors' statement of affairs was £4,487.

#### ***3.3 Secondary preferential creditors***

H M Revenue & Customs is a secondary preferential creditor for amounts due in respect of VAT and PAYE/NI. The estimated liability included in the directors' statement of affairs was £32,901. No claim has been received in the liquidation.

#### ***Non-preferential creditors***

- 3.4 We have received claims from twenty non-preferential creditors totalling £155,411. A further thirty-two creditors recorded in the directors' statement of affairs with claims totalling £59,678 have not submitted a claim. The statement of affairs disclosed forty-eight non-preferential creditors with claims totalling £190,298.

#### ***Dividend prospects***

- 3.5 The outcome for creditors will be substantially dependent on the outcome of our investigations. Based on current information there may be funds available to permit the payment of a dividend to preferential creditors.

#### 4. Joint Liquidators' remuneration

4.1 Creditors approved that the basis of the Joint Liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the liquidation. Our fees estimate and supporting information was originally provided to creditors when the basis of our remuneration was approved and was based on the facts available to us at that time.

4.2 Our initial fee estimate is summarised below:

Category of work	Estimated number of hours	Average blended charge out rate £	Estimated cost £
Administration (inc. statutory compliance & reporting)	64.30	191.16	12,291.50
Realisation of assets	8.00	548.13	4,385.00
Investigations	24.00	372.92	8,950.00
Creditors (claims & distributions)	35.50	178.17	6,325.00
<b>Total estimated fees</b>	<b>131.80</b>	<b>242.42</b>	<b>31,951.50</b>

4.3 Our time costs for the Period are as below:

	Amount	Number of hours £	Average rate £
<b>Blades Insolvency Services</b>	13,141	78.20	168.04
<b>Begbies Traynor</b>	7,574	20.80	364.13
<b>Total</b>	<b>20,715</b>	<b>99.00</b>	<b>209.24</b>

4.4 Attached at Appendix B is a summary of our time costs that provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent by us in managing the liquidation.

4.5 The Joint Liquidators have drawn £5,000 in the Period against the total estimated fee of £31,951 approved by creditors, of which £5,000 has been paid to Blades Insolvency Services.

4.6 A copy of "Liquidation: A Guide for Creditors on Insolvency Practitioner Fees" published by the Association of Business Recovery Professionals to supplement Statement of Insolvency Practice number 9 ("SIP 9"), a statement of best practice agreed by the various insolvency regulatory authorities, may be found at <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees>

- 4.7 Attached as Appendix D is additional information in relation to the Joint Liquidators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

## **5. Outstanding matters**

- 5.1 The principal outstanding matters are the realisation of the remaining trade debts, completion of the liquidators' investigations and the distribution of funds, net of the costs of the liquidation.
- 5.2 Our investigations remain ongoing and at this time we are unable to provide an indication of when we expect the liquidation to be concluded.

## **6. Creditors' rights**

- 6.1 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 liquidators' remuneration and expenses, within twenty-one days of receipt of this report. Any secured creditor may request the same details in the same time limit.
- 6.2 An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the liquidators' fees and the amount of any proposed expenses or expenses already incurred, within eight weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.
- 6.3 Information about the way that we will use, and store personal data on insolvency appointments may be found in the in the Privacy Notices of our respective practices which may be found at:
- <https://www.bladesinsolvency.co.uk/useful-documents>
- <https://www.begbies-traynorgroup.com/privacy-policy>
- 6.4 Julie Willetts and Gary Shankland are Licenced Insolvency Practitioners bound by the Insolvency Code of Ethics.

## **7. Future reports**

- 7.1 We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation, unless we have concluded matters prior to this, in which case we will write to all creditors with our final account.

- 7.2 If creditors have any queries concerning the conduct of the liquidation, or if they wish to obtain hard copies of any of the documents made available online, they should contact Christine Lingard at Blades Insolvency Services by telephone on 01949 831260 or email [c.lingard@bladesinsolvency.co.uk](mailto:c.lingard@bladesinsolvency.co.uk)

  
**J Willetts**  
Joint Liquidator

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**BLUE BADGE DESIGNS LIMITED  
IN LIQUIDATION**

**LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE PERIOD FROM 4 APRIL 2022 TO 3 APRIL 2023**

<b>Statement of affairs</b>		<b>Actual</b>
<b>£</b>		<b>£</b>
<b>RECEIPTS</b>		
3,000	Plant and machinery	10,462.00
1,600	Office equipment	1,506.00
2,000	Motor vehicle	3,300.00
95,000	Trade debts	10,800.00
36,000	Cash in hand	36,000.00
1,000	Stock	800.00
	Goodwill	15,000.00
	Interest	91.73
<u>138,600</u>		<u>77,959.73</u>
<b>PAYMENTS</b>		
	Cost of convening creditors' meeting	5,000.00
	Liquidators' remuneration	5,000.00
	Liquidators' expenses	1,278.11
	Agent's fees	4,661.80
	Legal fees	6,417.00
	Debt collection fees	750.00
	Bank charges	0.35
		<u>23,107.26</u>
	<b>Balance</b>	<u>54,852.47</u>
<b>Represented by:</b>		
	Current account	1,192.94
	Deposit account	52,091.73
	VAT control account	1,567.80
		<u>54,852.47</u>

Blades Insolvency Services

BLUE BADGE DESIGNS LIMITED  
(In Creditors' Voluntary Liquidation)

Summary of Liquidator's Time Costs from 4 April 2022 to 3 April 2023

	Director		Administrator		Junior administrator		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Notification of appointment	10	260.00			20	140.00	30	400.00	133.33
Statutory - administration & planning	36	936.00	15	150.00			51	1,086.00	212.34
Statutory and review	90	2,340.00					90	2,340.00	260.00
Receipts and payments			10	100.00			10	100.00	100.00
General administration	30	780.00	29	290.00	52	364.00	111	1,434.00	129.19
Case specific	101	2,626.00					101	2,626.00	260.00
Assets	98	2,548.00	57	570.00			155	3,118.00	201.16
Creditors	15	390.00	38	380.00	33	231.00	86	1,001.00	116.40
Cashiering					148	1,036.00	148	1,036.00	70.00
Total	380	9,880.00	149	1,490.00	253	1,771.00	782	13,141.00	
Average Hourly Rate (£)		260.00		100.00		70.00		168.04	

All Units are 6 minutes

SIP9 Blue Badge Designs Ltd - Creditors Voluntary Liquidation - 01BL325 CVL : Time Costs Analysis From 04/04/2022 To 03/04/2023

Staff Grade	Consultant/Partner	Director	Snr Mgr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning		1.4		2.4		1.4			5.6	2,264.00	404.29
	Administration	0.6				0.1	2.1	2.5		5.2	1,469.00	277.17
	Total for General Case Administration and Planning	1.0			2.4	0.1	3.5	2.5		10.5	3,733.00	342.46
	Appointment		0.1							0.1	50.00	500.00
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding							0.4		0.4	76.00	190.00
	Case Closure											0.00
	Statutory reporting and statement of affairs	0.1								0.1	69.00	690.00
	Total for Compliance with the Insolvency Act, Rules and best practice	0.1	0.1					0.4		0.6	195.00	325.00
Investigations	GDPA and investigations	0.3	4.4				4.4			9.1	3,551.00	390.22
	Total for Investigations	0.3	4.4				4.4			9.1	3,551.00	390.22
Realisation of assets	Debt collection											0.00
	Property, business and asset sales											0.00
	Retention of Title/Third party assets											0.00
	Total for Realisation of assets											0.00
Trading	Trading											0.00
	Total for Trading											0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured											0.00
	Others	0.1								0.1	69.00	690.00
	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions	0.1								0.1	69.00	690.00
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors											0.00
	Meetings											0.00
	Other						0.1			0.1	76.00	260.00
	Tax											0.00
	Litigation											0.00
	Total for Other matters						0.1			0.1	76.00	260.00
	Total hours by staff grade:	1.9	5.9		2.4	0.1	8.0	2.9		20.3		
	Total time cost by staff grade £:	1,036.00	2,950.00		924.00	34.00	2,080.00	551.00			7,574.00	
	Average hourly rate £:	650.00	500.00	0.00	385.00	340.00	260.00	190.00	0.00			364.13
	Total fees drawn to date £:										0.00	



## BLADES INSOLVENCY SERVICES PRACTICE FEE RECOVERY POLICY

### 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) and can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/fees>. Alternatively a hard copy may be requested from Blades Insolvency Services, Charlotte House, 19B Market Place, Bingham, Nottingham, NG13 8AP. Please note that we have provided further details in this policy document.

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 drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

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.

### 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 6 minute units with supporting narrative to explain the work undertaken.

### Charge out rates

Grade of staff	Current charge out rate per hour, effective from 1 November 2018 £	Previous charge out rate per hour, effective from 1 November 2011 £
Partner	285	260
Administrator	110	100
Case Administrator	80	70
Cashier	80	70

These charge-out rates charged are reviewed annually and, where relevant, are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

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

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 may seek approval for our fees to be based on a percentage basis or as a fixed sum, both of which are explained further below.

When we seek time costs approval we have to provide 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. 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.

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 explain 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 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. 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 we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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.

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 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. 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 we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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 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.

## **Members' Voluntary Liquidations and Voluntary Arrangements**

The changes in legislation that took effect from 1 October 2015 did not apply to Members' Voluntary Liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. 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.

## Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either category 1 or category 2.

Category 1 disbursements are directly referable to an invoice from a third party, which is either in the name of the estate or Blades Insolvency Services. In the case of the latter, the invoice will make reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party.

Examples of category 1 expenses are statutory advertising, external meeting room hire, external storage, specific bond insurance and search fees. A software licence fee of £125.00 will be charged to each case. This is a fixed fee, irrespective of the duration of the insolvency procedure. A website hosting fee of £7.50 is payable in respect of each annual and final report.

Category 2 disbursements are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance.

Examples of category 2 expenses are photocopying, record storage and mileage.

It is proposed that the following category 2 disbursements are recovered:

Circular letters	5p per sheet to reflect the cost of stationery and photocopying or printing. The actual cost of postage will be separately charged to the estate. (No charge is made for individual letters relating to the administration of the insolvent estate)
Record storage	£10.00 box per annum (to include the cost of transport and eventual destruction of the records)
Mileage	45p per mile
Online money laundering verification search	£10.00 per individual search

### BEGBIES TRAYNOR CHARGING POLICY

#### INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance\* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fees estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest.

Best practice guidance\* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

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

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ☐ *Category 1 expenses (approval not required)* - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ☐ *Category 2 expenses (approval required)* - Items of expenditure that are directly related to the case and either:
  - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
  - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

#### Shared or allocated costs (pursuant to (i) above)

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ☐ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £150 per meeting;
- ☐ Car mileage which is charged at the rate of 45 pence per mile.

Payments anticipated to be made to associates (pursuant to (ii) above)

#### **Services provided by other entities within the Begbies Traynor group**

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

Instruction of Eddisons Commercial Ltd ("ECL") to provide chattel valuation and sale services. Their charges will be equivalent to 20% of realisations.

In addition to the services detailed above, it may become necessary to instruct ECL to provide additional services. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

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

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

#### General Office Overheads

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

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

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

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 1 January 2022 – until further notice</b>
Consultant/Partner	690
Director	580
Senior Manager	500
Manager	475
Assistant Manager	385
Senior Administrator	340
Administrator	260
Trainee Administrator	190
Support	175

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

As detailed above, time is recorded in 6 minute units.

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

## Appendix D

### Additional information in relation to the Joint Liquidators' fees, expenses & disbursements

#### 1. Staff allocation and the use of sub-contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a partner together with a manager and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

#### 2. Professional advisors

- 2.1 During the liquidation we have used the following professional advisors:

Name of advisor	Nature of work	Basis of fees
Eddisons Commercial Limited	Chattel valuation and sale	Time costs/commission
Aaron and Partners LLP	Legal advice	Time costs
Philip Elliott Associates	Debt collection	Time costs/commission

Our choice of advisors is based upon our assessment of their experience and ability to undertake this type of work, taking account of the complexity of the case. We have reviewed the fees charged based on the fee arrangements and we are satisfied that these are reasonable in the nature and circumstances of this case.

#### 3. Joint Liquidators' expenses

- 3.1 A summary of our expenses, showing the amount originally estimated at the outset of the liquidation, together with the amounts actually incurred and paid in the period is shown overleaf:

	<b>Originally estimated</b>	<b>Incurred in the period</b>	<b>Paid in the period</b>	<b>Unrecovered - carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Statutory advertising	258	258	258	-
Specific penalty bond	700	700	600	100
Insolvency software fee	125	125	125	-
Postage	90	315	295	20
Storage	40	40	-	40
	<b>1,213</b>	<b>1,438</b>	<b>1,278</b>	<b>160</b>

- 3.2 Category I expenses do not require approval by creditors. The type of disbursements that may be charged as a Category I expense to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.