

LIQ03

Notice of progress report in voluntary winding up



Companies House

SATURDAY



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A09

15/07/2017

#318

COMPANIES HOUSE

1 Company details

Company number 0 6 2 6 5 2 2 7

Company name in full The UK Intelligent Systems Research Institute
Limited

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

2 Liquidator's name

Full forename(s) Darren Terence

Surname Brookes

3 Liquidator's address

Building name/number The Old Bank

Street 187a Ashley Road

Post town Hale

County/Region Cheshire

Postcode W A 1 5 9 S Q

Country

4 Liquidator's name ①

Full forename(s)

Surname

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

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode

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	1	9	m	0	5	y	2	0	1	6
To date	d	1	8	m	0	5	y	2	0	1	7

7 Progress report

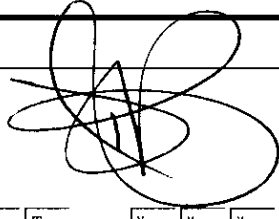
☐ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date	d	1	3	m	0	7	y	2	0	1	7
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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 **Darren Brookes**

Company name **Milner Boardman & Partners**

Address **The Old Bank**

187a Ashley Road

Post town **Hale**

County/Region **Cheshire**

Postcode **W A 1 5 9 S Q**

Country

DX

Telephone **0161 927 7788**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



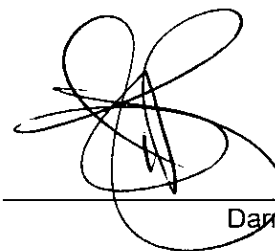
Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

The UK Intelligent Systems Research Institute Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments

Statement of Affairs		From 19/05/2016 To 18/05/2017
	ASSET REALISATIONS	
105,000.00	Work in Progress	374,892.96
Uncertain	Intercompany Debt (Group)	NIL
Uncertain	Intercompany Debt (Technology)	NIL
	Bank Interest Gross	15.79
		<u>374,908.75</u>
	COST OF REALISATIONS	
	Specific Bond	200.00
	Preparation of S. of A.	15,000.00
	Office Holders Fees	11,104.58
	Agents/Valuers Fees (2)	NIL
	Legal Fees (1)	4,264.00
	Sales Ledger and WIP Costs	500.00
	Debt Collection Fee	129,983.33
	Statutory Advertising	144.00
	Bank Charges	30.00
		<u>(161,225.91)</u>
	UNSECURED CREDITORS	
(327,841.00)	Trade & Expense	NIL
(6,724.00)	Intercompany Debt - Esti	NIL
(625,678.00)	Intercompany Debt - MATRI	NIL
(722,649.00)	Intercompany Debt - PRA	NIL
(98,263.00)	Intercompany Debt - Nor-Tek	NIL
(23,772.00)	H M Revenue & Customs	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(1.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>(1,699,928.00)</u>		<u><u>213,682.84</u></u>
	REPRESENTED BY	
	VAT Receivable	19,535.78
	Current Account	194,147.06
		<u><u>213,682.84</u></u>



Darren Terence Brookes
Liquidator



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

The UK Intelligent Systems Research Institute Limited- In Liquidation

Liquidator's Progress Report

Covering the Period
19 May 2016 to 18 May 2017

13 July 2017

Milner Boardman and Partners
The Old Bank
187A Ashley Road
Hale
Cheshire
WA15 9SQ

Our Ref: DTB/MM/2487/24

Liquidator's
Progress Report



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1. Statutory Information and Background

- 1.1 On 29 April 2016, the board of directors signed notices convening meetings of the Company's members and creditors with a view to placing the Company into Creditors' Voluntary Liquidation.
- 1.2 On 19 May 2016, members passed a special resolution placing the Company into Liquidation and an ordinary resolution appointing Darren Brookes of Milner Boardman & Partners ("MBP"), as Liquidator. At a meeting of the Company's creditors held on the same day, creditors passed a resolution confirming the appointment of Darren Brookes as Liquidator.
- 1.3 The Liquidation is being handled by MBP situated at The Old Bank, 187A Ashley Road, Hale, Cheshire, WA15 9SQ.
- 1.4 The principal trading address of the Company was Pera Business Park, Nottingham Road, Melton Mowbray, LE13 0PB which was also its previous registered address.
- 1.5 The registered office of the Company is c/o MBP, The Old Bank, 187A Ashley Road, Hale, Cheshire, WA15 9SQ and its registered number is 06265227.
- 1.6 It is considered that the EC Regulation on Insolvency Proceedings applies to these proceedings, which are main proceedings as defined in Article 3 of the EC Regulations.

2. Case Overview

- 2.1 The principal business activity of the Company was that of research and development of new products and new production engineering processes.
- 2.2 The reason for the failure of the Company according to the director was the failure of its parent company; Pera Technology Limited ("Technology"), resulting in withdrawal of financial capital and human resources. As a further consequence, the group bank facility was consolidated and the Company lost its credit balance.
- 2.3 According to the director's statement of affairs, the assets of the Company comprised of work in progress and intercompany debts.

3. Asset Realisation and Liquidator's Actions Since Appointment

3.1 Work in Progress ("WIP")

- 3.1.1 The Company's WIP ledger prior to the Liquidation, on 10 March 2016, stood at circa £1.047m.
- 3.1.2 Independent agents, CGDM Limited trading as Cerberus Receivables Management ("Cerberus"), valued the WIP ledger and provided a sales ledger assessment and collectability report.

3.1.3 An indicative outcome range was provided as follows: -

	Low	Med	High
Principal Ledger	1,047,000	1,047,000	1,047,000
General Provision	1,047,000	(942,000)	(732,000)
Estimated Indicative Outcome	0	105,000	315,000

- 3.1.4 The high-end outcome was considered unachievable as it assumed little impact, continuity and retention of key people within the business. As the Company has ceased trading, the low-end outcome would be expected with no realisations being made, as this takes into consideration the loss of continuity, impact of failure to fulfil contractual obligations and lack of access to key employees.
- 3.1.5 However, in order to maximize realisations, Pera Technology Solutions Limited (10044541) ("PTSL") was instructed to assist the Company in completing the WIP and the subsequent collection of the book debts. PTSL is the purchaser of the business and certain assets of Technology, who also employed some of the directors and key personnel of the Company.
- 3.1.6 The activities and work undertaken during this debt collection has included completing each project's final technical and financial reports, corresponding with project partners and the distribution of final documentation and other supporting information in relation to final claims made to the European Commission ("EC"). The submission of the final reports and claims to the EC has then been followed by an extended period of answering EC instigated queries requiring rework and resubmission of reports and claim documentation. In some instances, on receipt of the EC's final assessment reports we have entered into disputes, challenging incorrect and unsubstantiated cost rejections made by the EC. This work has been undertaken for all the projects considered to have debt collection potential.
- 3.1.7 At the date of Liquidation there were 15 projects outstanding, with 6 being abandoned as they were not cost effective to pursue. To date 6 projects have been completed with £374,893 being collected. There are 3 projects currently outstanding.
- 3.1.8 For the outstanding projects, we will continue to provide the activities listed at Section 3.1.6 and negotiate with Project Coordinators to release debts due to the Company. There are 3 projects outstanding with a potential value of £224,000 but still have the final reports to be completed and submitted, we then expect to answer queries raised by the EC.
- 3.1.9 It should be noted that the EC have issued various recovery orders detailed at Section 8.4.4 against the Company which may lead to the EC seeking to offset future realisations against amounts owed. The maximum value stated above is very much the maximum possible realisations and may not be realised in full or at all and they are still subject to the EC's final project assessment and FP7 evaluation processes.

3.2 Intercompany Debt (Group)

- 3.2.1 The Company is owed circa £873,910, being the credit balance from the bank account with Natwest Bank plc, that was consolidated within the group facility to settle the overdrawn bank balances of: -

Technology – In Administration

PRA Trading Limited – Formerly in Administration, now in Liquidation (“PRA”)

Pera Management Services Limited– In Liquidation (“PMSL”)

- 3.2.2 Technology and PRA entered into Administration on 11 April 2016, with Darren Brookes and Gary Corbett of MBP being appointed as its Joint Administrators. PRA subsequently entering into Liquidation on 14 March 2017 with Darren Brookes and Gary Corbett of MBP being appointed as its Joint Liquidators. PMSL entered into Liquidation on 12 April 2016 with Darren Brookes of MBP being appointed as its Liquidator.
- 3.2.3 A dividend to the unsecured creditors of Technology will likely be paid through the prescribed part, but this will depend on the dividend received by Technology from the Administration of PTSL; who subsequently went into Administration with Steven Muncaster and Matthew Ingram of Duff & Phelps Limited being appointed as its Joint Administrators.
- 3.2.4 A dividend to the unsecured creditors of PRA is likely and a claim will be lodged in due course, however, it may be offset against amounts owed to PRA in the sum of £722,649 for advances to the treasury cash flow in October 2015.
- 3.2.5 It is envisaged that the Liquidator of PMSL will be able to make a distribution of the prescribed part of the net property to the unsecured creditors, but are unable to estimate the amount of that distribution at present.

3.3 Intercompany Debt (Technology)

- 3.3.1 Technology also owes the Company £1,060,661 in respect of payments made to it by the European Commission to fund the projects carried out by the Company, specifically individual time card transactions for labour incurred.
- 3.3.2 As previously advised, Technology was placed into Administration on 11 April 2016 and a claim will be lodged within the administration if a dividend is declared.

3.4 Bank Interest

- 3.4.1 A sum of £15.79 has been received from Allied Irish Bank GB in relation bank interest applied to the account.



- 3.5 The case remains open to due to ongoing debt collection and to allow the Liquidator distribution to unsecured creditors.

4. Receipts and Payments

- 4.1 A receipts and payments account for the period 19 May 2016 to 18 May 2017 is enclosed with this report at appendix 1. The balance of funds is held in an interest-bearing estate account.

- 4.2 Total receipts for the period are £374,908.75 and are broken down as follows:

- Work in Progress £374,892.96
- Bank Interests £15.79

- 4.3 Total payments for the period are £161,225.91 and are broken down as follows:

- Specific bond £200
- Statement of Affairs fee £15,000
- Liquidator's fees £11,104.58
- Legal fees £4,264
- Sales Ledger and WIP Costs £500
- Debt Collection Commission £129,983.33
- Statutory advertising £144
- Bank charges £30

5. Investigation

- 5.1 I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. Specifically, I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank statements for the two years prior to the Company ceasing to trade from the Company's bankers; and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Liquidation and made enquiries about the reasons for the changes.
- 5.2 There were no matters that justified further investigation in the circumstances of this appointment.
- 5.3 Within three months of my appointment as Liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.



6. Liquidator's Remuneration

- 6.1 At the initial meeting of creditors on 19 May 2016, creditors authorised that payment of £15,000 plus VAT be made for our assistance in preparing the statement of affairs and convening and holding the meetings of members and creditors. This fee was paid from first realisations on appointment and is shown on the receipts and payments account.
- 6.2 My remuneration was previously authorised by creditors by a written resolution dated 16 June 2016. I was authorised to draw my fees on a time costs basis for work in respect of administration and planning, investigations, creditors and realisations of assets categories. This approval was based on our fee estimate of £38,145. The fee estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors. As you can see from the attached summary at appendix 2, the time costs to date are £14,496 which represents 58.70 hours at an average rate of £246.95 per hour.
- 6.3 The policy of MBP is to record time, directly to each case, of all staff with the exception of secretarial staff. The attached summary is intended to provide a breakdown of time costs incurred to date. Please note that MBP record time in 6 minute units. Details of MBP charge out rates is included in the Practice Fee Recovery Policy which is also attached at appendix 2. Please note that the charge-out rates of MBP changed on 1 April 2015 and 1 June 2017. Details of MBP' charge-out rates up to 31 March 2015 and 31 May 2017 are also included in the Practice Fee Recovery Policy attached at appendix 2. Please be advised that the changes to the charge out rate April 2015 relate to the introduction of a 'Senior Manager' and the consolidation of all 'Partner' time to the same rate of £370 per hour. The only change to the charge out rate in June 2017 relates to the introduction of 'Appointment Taker' rate.
- 6.4 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/>. A copy of 'A Creditors Guide to Liquidator's Fees' also published by R3, together with an explanatory note which shows MBP's fee policy is attached. Please note that there are different versions of the Guidance Notes and in this case you should refer to the October 2015 version.
- 6.5 Attached at appendix 3 are details of creditor's rights in relation to the Liquidator's remuneration. A copy of "A Creditors' Guide to Liquidator's Fees" is available at www.insolvencyguide.co.uk by clicking on "Regulation and Guidance" and then "Creditors Guides" or alternatively a hard copy may be requested from this office.
- 6.6 The main areas where time costs have been incurred are 'Administration and Planning', 'Investigations', 'Realisation of Assets' and 'Creditors'. These are discussed in more detail below:

6.7 Administration and Planning

- 6.7.1 A total of £7,284 has been spent on administration and planning, including time spent on meetings and telephone conversations with the directors, complying with statutory duties, reporting to creditors and general administrative work including preparing documentation and dealing with correspondence, obtaining a specific penalty bond, opening and maintaining the office holder's estate bank account and cash book, undertaking regular bank reconciliations, reviewing the adequacy of the specific penalty bond and increasing where necessary, undertaking period reviews of the progress of the case, preparing and filing VAT returns and preparing and filing Corporation Tax returns.

6.8 Investigations

- 6.8.1 A total of £1,339 has been spent on dealing with investigations into the directors' conduct and Company assets, recovering books and debts and listing the recovered records, investigations to verify the asset position of the Company, reviewing books and records provided and information provided by third parties, full investigation into directors' conduct and submitting relevant directors' conduct reports.

6.9 Realisation of Assets

- 6.9.1 A total of £5,545 has been spent on dealing with realisation of assets and included liaising with agents and third parties regarding the completion of the work in progress, liaising with the bank regarding the transfer of credit balance from the account and monitoring the incoming book debts and paying the debt collection agents agreed fee.

6.10 Creditors

- 6.10.1 A total of £328 has been spent on dealing with creditors. Work carried out relates to advising of the appointment, dealing with creditor correspondence, emails and telephone calls, managing up to date creditor information on IPS.

7. Liquidator's Disbursements

- 7.1 With regard to disbursements, specific expenditure relating to the administration of the insolvent's estate and payable to an independent third party is recoverable without creditor approval. Payments made in respect of the above are defined as "Category 1 disbursements". Category 1 disbursements incurred in this case total £135,096.33 since appointment, all of which has been drawn.

7.2

Type of expense	Amount incurred in reporting period (£)	Amount drawn in reporting period (£)



Brokers Commission	129,983.33	129,983.33
Legal fees	4,264	4,264
Sales Ledger	500	500
Specific bond	200	200
Statutory advertising	144	144
Bank Charges	30	30

- 7.3 It should be noted that £30 should have been paid in bank charges but to date only £5 has been taken by the bank. Once confirmation is received from the bank that it will not be taking the remaining £25 as bank charges then this amount will be refunded accordingly.
- 7.4 Also attached at appendix 3 are details of creditors' rights in relation to the Liquidator's remuneration and also to request information on the Liquidator's remuneration and expenses.
- 7.5 Expenditure incidental to the administration of the insolvent's estate, which by its nature includes an element of shared or allocated costs, are recoverable with creditors' approval. Payments in respect of this type of expense are referred to as "Category 2 disbursements". Category 2 disbursements require creditor authorisation before they can be drawn. Category 2 disbursements include staff mileage costs. MBP have not charged Category 2 disbursements.
- 7.6 All disbursements are shown net of VAT and as the Company was registered for VAT purposes, VAT totalling £12,628.40 was recoverable for the benefit of the insolvent's estate.
- 7.7 I have used the following agents or professional advisors in this reporting period:

Agent/Professional Advisor	Nature of work	Basis of fees
PTSL	Debt Collection	Agreed % of realisations
PRAWL	Debt Collection	Agreed % of realisations
Cerberus	Valuation provided on the collectability of the WIP ledger	Fixed Fee
Freeths LLP ("Freeths")	Drafting an agreement in relation to debt collection	Fixed fee
Bermans LLP ("Bermans")	Solicitor	Fixed fee
DLA Piper UK LLP ("DLA")	Solicitor	Fixed fee

7.7.1 PTSL

It was proposed by PTSL that in exchange for assistance with the collection of the work in progress and collection of debts, commission be paid on realisations at the following rate:-



5% on first £100,000 realised;
10% on next £100,000 realised;
50% above £200,000 realised.

As PTSL employed some of the directors and key personnel of the Company, Cerberus considered that PTSL had the knowledge and knowhow of the projects including funding perimeters, knowledge of the contracts in place and the relationship with the consortium and other member partners to the project.

The alternative would be to instruct a third-party collection agent but recovery would be significantly affected as there would be no access to the Company's systems, paperwork or the directors and key personnel to assist and advise with the collection process.

Cerberus concluded that taking into consideration the complexities involved in the recovery process of such a specialised debt, that in their professional assessment the Administration would benefit from instructing PTSL to assist the Liquidator with the completion of WIP and in the debt collection.

A total sum of £33,504.42 has been paid to PTSL.

7.7.2 PRA World Limited ("PRAWL")

Upon PTSL entering into Administration, PRAWL, the purchaser of the business and certain assets of PTSL, who also employed some of the directors and key personnel of the Company offered that PRAWL continues with the collection of the book debts at a rate of 70%. The higher rate of commission was justified as the remaining balance was aged and more difficult to collect.

This offer was passed to Cerberus to comment upon and they confirmed that as PRAWL had similar directors and key personnel it had the skills and experience to carry out the process to maximise recoveries and that it was commercially beneficial to the Liquidation estate to instruct PRAWL to complete the WIP and collect the debts.

On 24 October 2014, the Company and PRAWL entered into an agreement formalising the arrangement. A total sum of £96,478.91 has been paid to PRAWL.

7.7.3 Cerberus

Cerberus as detailed above, were instructed by the Liquidator to provide a valuation on the collectability of the WIP ledger and also review the commission rates to PTSL and PRAWL and advise on its commerciality.

7.7.4 Freeths

Freeths were instructed by the Liquidator in relation to drafting the agreement between the Company and PRAWL in relation to debt collection and were paid £150.

7.7.5 Bermans

Bermans were instructed by the Liquidator to provide professional advice in connection to the transfer of the trademark "IMA" from the Company in exchange for a project completing which resulted in the Liquidation estate receiving £85,520.55. Bermans were paid £375.

7.7.6 DLA

DLA were instructed by the Liquidator to provide professional advice in relation to the Company's contracts including specific advice in relation to the 'FP7 Consortium Agreement – Research for SMEs'.

- 7.8 The professional advisors were selected on a basis of my perception of their experience and ability to perform this type of work and nature and complexity of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied they are reasonable in the circumstances.

8. Creditors

8.1 Secured Claims

- 8.1.1 According to Companies House, there were no secured creditors in this case.

8.2 Prescribed Part

- 8.2.1 Under Section 176A of the Insolvency Act 1986, where after 15th September 2003 a company has granted to a creditor a floating charge, a proportion of the net property realised must be made available exclusively for the unsecured creditors.

- 8.2.2 In this case, the provision will not apply as no relevant charge is registered.

8.3 Preferential Creditors

- 8.3.1 No preferential creditor claims are expected in this case.

8.4 Unsecured Creditors

8.4.1 Trade and Expense Creditors

As of the date of the Liquidation, there were 15 trade and expense creditors who were owed £327,841 in total. In total, 6 have submitted claims totaling £145,758.53.

8.4.2 Inter-Company Debts

The Company owes its sister company, Eesti Innovatsiooni Instituut (EII), £6,724 for outstanding charges and a claim of £6,452.70 has been received.

The Company owes its sister company, Nor-Teknologisenter, £98,263 for labour charges performed on a project known as 'Gigawam'. It is understood that Nor-Teknologisenter has since entered into Liquidation.

The Company owes its sister company, The UK Materials Technology Research Institute Limited, £625,678 in respect of a cash advance for a project known as 'Lightfoam', no claim has been submitted to date but it is understood that it intends to once a dividend is declared.

The Company owes PRA a sum of £722,649 for advances to the treasury cash flow in October 2015. However, the debt will likely be offset against the amount due to it from the consolidation of the group banking facility.

8.4.3 HM Revenue & Customs ("HMRC")

The statement of affairs included an amount of £23,772 owed to HMRC in respect of VAT for the period ending 31 March 2016. A VAT integrated claim in the sum of £19,884.60 has been received from HMRC.

8.4.4 European Commission Research Executive Agency Unit ("REA")

Although, not listed as a creditor within the Estimated Statement of Affairs, REA have submitted a claim for €5.876m / £4.573m, being the maximum provisional amount owed within the framework of the management of the EU projects. I am currently liaising with the directors and key personnel to establish if the debt is due and payable and if so, to what extent.

- 8.4.5 At the initial meeting of creditors, it was indicated that based on information presented to the meeting, there might be a prospect of a dividend being paid to creditors in this case. I can confirm that due to the high level of realisations from the WIP and Debt collections, there may be sufficient funds to enable a dividend in this matter. The quantum of timing will be dependent on the future collections and the amount of liability within the Liquidation estate agreed for dividend purposes.

9. Further Information

- 9.1 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 Joint Liquidators' remuneration and expenses within 21 days of their receipt of this report. Any secured creditor may request the same details in the same time limit.
- 9.2 An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Liquidators as being excessive, and/or the basis of the Joint Liquidators' remuneration, and/or the amount of



the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

10. Conclusion

- 10.1 This concludes the Liquidator's progress report for the year ended 18 May 2017. The Liquidation will remain open until the book debt ledger has been exhausted and if applicable a dividend paid to the unsecured creditors. Once these matters have been resolved, the Liquidation will be finalised and the files closed. If the Liquidation has not been finalised, the next report is due within 2 months of the next year's anniversary, i.e. before 18 July 2018.

Should you require further information please contact this office on 0161 927 7788.

Yours faithfully
for and on behalf of
The UK Intelligent Systems Research Institute Limited



Darren Brookes
Liquidator



Appendix I

Receipts and Payments Account

**The UK Intelligent Systems Research Institute Limited
(In Liquidation)**

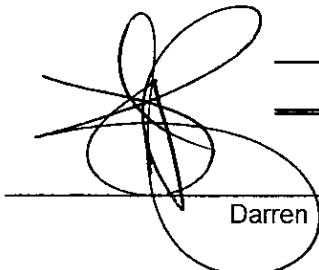
**Liquidator's Summary of Receipts and Payments
To 18 May 2017**

RECEIPTS	Statement of Affairs (£)	Total (£)
Work in Progress	105,000.00	374,892.96
Intercompany Debt (Group)	Uncertain	0.00
Intercompany Debt (Technology)	Uncertain	0.00
Bank Interest Gross		15.79
		<hr/>
		374,908.75

PAYMENTS

Specific Bond		200.00
Preparation of S. of A.		15,000.00
Office Holders Fees		11,104.58
Legal Fees (1)		4,264.00
Sales Ledger and WIP Costs		500.00
Debt Collection Fee		129,983.33
Statutory Advertising		144.00
Bank Charges		30.00
Trade & Expense	(327,841.00)	0.00
Intercompany Debt - Esti	(6,724.00)	0.00
Intercompany Debt - MATRI	(625,678.00)	0.00
Intercompany Debt - PRA	(722,649.00)	0.00
Intercompany Debt - Nor-Tek	(98,263.00)	0.00
H M Revenue & Customs	(23,772.00)	0.00
Ordinary Shareholders	(1.00)	0.00
		<hr/>
		161,225.91
		<hr/>
Net Receipts/(Payments)		213,682.84

MADE UP AS FOLLOWS

Current Account	194,147.06
VAT Receivable / (Payable)	19,535.78
	<hr/>
	213,682.84
	<hr/>
	<hr/>
	
Darren Terence Brookes	
Liquidator	



Appendix II

Milner Boardman & Partners' Time Analysis, Practice Fee Recovery Policy and Provision of Services Regulations Summary Sheet

Milner Boardman & Partners

TIME & CHARGEOUT SUMMARIES

The UK Intelligent Systems Research Institute Ltd

To 18 May 2017

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	6.60	20.20	0.00	1.80	28.60	7,284.00	254.69
Investigations	0.00	0.90	0.00	6.50	7.40	1,339.00	180.95
Realisation of Assets	4.70	16.40	0.00	0.00	21.10	5,545.00	262.80
Creditors	0.00	1.20	0.00	0.40	1.60	328.00	205.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fees Claimed £	4,181.00	8,792.50	0.00	1,522.50		14,496.00	
Total Hours	11.30	38.70	0.00	8.70	58.70		
Average Rate	370.00	227.20	0.00	175.00			

PRACTICE FEE RECOVERY POLICY FOR MILNER BOARDMAN & PARTNERS

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 www.insolvency-practitioners.org.uk. Alternatively a hard copy may be requested from Milner Boardman & Partners. Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

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 June 2017 £	Previous charge-out rate per hour, effective from 1 April 2015 £	Previous charge-out rate per hour, effective from 1 November 2008 £
Director	370	370	295 to 370
Appointment Taker	295	N/A	N/A
Senior Manager	255	255	N/A
Manager	215	215	215
Case Administrator	175	175	175
Support Staff	175	175	175

These charge-out rates charged are reviewed each year and may be 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 now only seek time costs for the following categories, where applicable:

- Investigations
- Distributions
- Trading

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or “blended” rate for all of the work being carried out within the estimate. 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 say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will 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 legislation changes 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 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Milner Boardman & Partners; in the case of the latter, the invoice makes 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 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses 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 disbursements are photocopying, internal room hire, internal storage and mileage.

Milner Boardman & Partners do not seek to recover Category 2 disbursements.

PROVISION OF SERVICES REGULATIONS SUMMARY SHEET FOR MILNER BOARDMAN & PARTNERS

The following information is designed to draw the attention of interested parties to the information required to be disclosed by the Provision of Services Regulations 2009.

Licensing Body

Darren Brookes, Molly Monks and Gary Corbett are licensed to act as Insolvency Practitioners in the United Kingdom by the Insolvency Practitioners Association ("IPA").

Rules Governing Actions

All IPs are bound by the rules of their professional body, including any that relate specifically to insolvency. The rules of the professional body that licences Darren Brookes, Molly Monks and Gary Corbett of Milner Boardman & Partners can be found at - <http://www.insolvency-practitioners.org.uk>. In addition, IPs are bound by the Statements of Insolvency Practice (SIPs), details of which can be found at <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>.

Ethics

All IPs are required to comply with the Insolvency Code of Ethics and a copy of the Code can be found at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>.

Complaints

In the first instance, you should contact the Insolvency Practitioner ("IP") acting as office holder. Please note that within Milner Boardman & Partners there are three Licensed Insolvency Practitioners; Darren Brookes, Gary Corbett and Molly Monks.

If you consider that the IP has not dealt with your comments or complaint appropriately you should then put details of your concerns in writing to our complaints officer Molly Monks. However, if your complaint is regarding Molly Monks then please contact Darren Brookes.

We will lodge your complaint and open a file, this will be done immediately. We will then investigate your complaint and report to you as soon as possible, usually within five business days.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner; or you can email insolvency.enquiryline@insolvency.gsi.gov.uk; or you may phone 0300 678 0015 - calls are charged at up to 10p per minute from a land line, or for mobiles, between 3p and 55p per minute if you're calling from the UK.

Professional Indemnity Insurance

Milner Boardman & Partners' Professional Indemnity Insurance is provided by Nexus Underwriting Limited of 150 Leadenhall Street, London EC3V 4QT.

VAT

Milner Boardman & Partners is registered for VAT under registration no 693 3180 22.



Appendix III

Creditors' Rights in relation to Liquidator's Remuneration

Milner Boardman & Partners – Information Sheet for Creditors

What if a creditor is dissatisfied with liquidation remuneration?

If a creditor believes that the liquidator(s) remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator(s) are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing.

If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the liquidation.

Creditor's rights to information on the liquidator's remuneration and expenses

Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purpose of a meeting to receive the office holder's resignation) a creditor, or in the case of an MVL a member, may request the office holder to provide further information about the remuneration and expenses set out in the report. A request must be in the writing, and may be made by:

- A secured creditor, or
- An unsecured creditor with the concurrence of at least 5% in value of the creditors (including that creditor) of the permission of the court;
- In the case of an MVL, by members of the company with at least 5 % of the total voting rights of the all members having the right to vote at general meetings, or
- With the permission of the court –
 - Any unsecured creditor
 - In the case of an MVL, any member

The office holder must provide the requested information within 14 days, unless he considers that:

- The time or cost involved in preparing the information would be excessive, or
- Disclosure would be prejudicial to the conduct of the proceedings or might be expected to lead to violence against any person, or
- The office holder is subject of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the office holder's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

If any creditors have any queries, please contact 0161 927 7788.