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In the matter of

**Tullett Brown Limited In Liquidation**  
(‘the Company’)

**Joint Liquidators’ progress report**

**21 November 2016**

**Nigel Fox and Nedim Ailyan**  
**Joint Liquidators**

**RSM Restructuring Advisory LLP**  
**Highfield Court**  
**Tollgate**  
**Chandlers Ford**  
**Eastleigh SO53 3TY**

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## **Contents**

### **Sections**

1. Purpose of report
2. Joint Liquidators' appointment
3. Receipts and payments summary
4. Creditors' claims
5. Conduct of the winding-up
6. Matters preventing closure
7. Joint Liquidators' remuneration, disbursements and expenses
8. Creditors' rights to information and ability to challenge remuneration and expenses

### **Appendices**

- A. Statutory, dividend and other information
- B. Summary of receipts and payments
- C. RSM Restructuring Advisory LLP's charging, expenses and disbursements policy statement
- D. Current charge out and disbursement rates
- E. Category 2 disbursements table
- F. Statement of expenses incurred by the Joint Liquidators in the period from 24 September 2015 to 23 September 2016
- G. RSM Restructuring Advisory LLP's time cost analysis
- H. Griffins' time cost analysis

## **1 Purpose of report**

This report has been prepared in accordance with insolvency legislation to provide creditors and members of the Company with information relating to the progress of the liquidation in the period from 24 September 2015 to 23 September 2016. This report should be read in conjunction with any previous reports that have been issued, copies of which are available on request.

This report has been prepared solely to comply with the statutory requirements of Rule 4.49B of the Insolvency Rules 1986 (as amended). The purpose of the report is to provide creditors and members with information relating to the progress of the Winding Up in the period from 24 September 2015 to 23 September 2016. It has not been prepared for use in respect of any purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change.

Neither the Liquidators, RSM Restructuring Advisory LLP nor Griffins accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

## **2 Joint Liquidators' appointment**

Nigel Fox of RSM Restructuring Advisory LLP, Highfield Court, Tollgate, Chandlers Ford, Eastleigh SO53 3TY and Nedim Ailyan of Griffins, 142-148 Main Road, Sidcup, Kent DA14 6NZ were appointed Joint Liquidators of Tullett Brown Limited on 24 September 2012 by a meeting of creditors.

## **3 Receipts and payments summary**

We attach as Appendix B a summary of our receipts and payments for the period from 24 September 2015 to 23 September 2016.

### **VAT basis**

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

The funds are held in an interest bearing account with the Insolvency Service.

## **4 Creditors' claims**

Claims totalling £4,933,415 have been received from unsecured creditors.

The agreement of creditor claims will be dealt with in due course should a dividend become payable.

### **4.1 Dividend prospects for creditors**

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision and additional costs.

### **4.2 Prescribed part**

The 'Prescribed Part' is a statutory amount of the Company's assets subject to a floating charge to be set aside for the benefit of the Company's non-preferential creditors.

There are no creditors secured by charges over the assets and undertakings of the Company. There is therefore no requirement to estimate the amount of the prescribed part of the assets under Section 176A of the Insolvency Act 1986 (as amended).

## **5 Conduct of the winding-up in the previous twelve months**

### **5.1 Freehold Land & Property**

#### CH589566 – South West of Bolshaw Farm Lane, Cheadle

As previously reported, Empire Auctions Limited ("Empire") valued this land at between £10,000 and £12,000 and it was to be placed into auction. However Mills & Reeve LLP ("Mills & Reeve") solicitors, advised that the Company did not hold title to all of the plots. It transpired that there were only 5 in the name of the Company. The land owned by the Company is land locked and would therefore be unlikely to appeal to a purchaser, due to the complications involved with access and a limited re-sale value.

As you may be aware, it was drawn to the Joint Liquidator's attention that the Company had sold a plot from this land to an individual who is claiming title to the plot, however the transfer of the plot of land had not been recorded at Land Registry. The Liquidator is continuing to liaise with Mills & Reeve in this regard.

In addition, Empire Auctions reviewed any prospect of a sale of the land subject to the solicitor's advice. In the event that this land has no realisable value or is not commercially viable to pursue, the Joint Liquidators will look at disclaiming this land.

#### CH599070 – Bolshaw Road, Cheadle

As previously reported, The Metropolitan Borough Council Stockport ("the Council") wanted to purchase this land as it is on the proposed route of a new highway scheme and they had originally offered £36,000 which was based on 47 plots. Empire valued the land between £18,000 to £36,000 in February 2013 in respect of the 47 plots.

It transpired that of the 47 plots, only 19 plots were owned by the Company. On this basis, the Council's offer was reduced to £14,544 which was in line with Empire's revised valuation. The revised offer of £14,544 was therefore accepted.

A sale of this land was completed on 2 April 2015 to the Council for £14,544 plus costs of £5,084.40 which totalled £19,628.40.

As previously reported, the sum of £5,084.40 had been received. The balance of £14,544 has been received in the period in full and final settlement.

#### ESX326758 – Lot 7, Markstakes Lane, South Chailey, Lewes

As previously advised, a valuation had not been obtained on this land as it was considered that the plots were unlikely to have any realisable value.

However, an offer was received for £5,000 from an unconnected third party. The offer was accepted based on Mills & Reeve's recommendation and a sale of this land was completed on 6 October 2015. The sum of £5,000 was received by Mills & Reeve solicitors on 9 October 2015.

#### EX855542 – South East side of London, Crays Hill, Billericay

A valuation was not obtained for this land as it was considered that it was unlikely to have any realisable value.

The Joint Liquidators are continuing to liaise with Empire Auctions and Mills & Reeve to review any prospect of a sale of the land. In the event that this land has no realisable value or it is not commercially viable to pursue a sale, the Joint Liquidators will look at disclaiming this land.

## **5.2 Post Petition Disposition Recoveries**

Pursuant to Section 127 of the Insolvency Act 1986, Mills & Reeve recovered £2,149.70 from Mason Warburg Ltd in respect of a payment made from the Company's bank account on 30 March 2012, being after the petition date.

As previously reported, the Joint Liquidators had pursued four companies in respect of payments totalling £37,389.10 paid from the Company's bank account after the petition date. These payments constituted claims that the Joint Liquidators could pursue pursuant to Section 127(1) and Section 129(2) of the Insolvency Act 1986. Upon an Application Notice dated 9 April 2014 filed by Mills & Reeve, it was ordered by the High Court of Justice on 22 July 2014 that the companies pay the sums to the Company by 1 August 2014. It transpired that all the companies had been dissolved, however an application was filed to restore Drummond and Hiller Limited ("D&H").

A winding up order was made against D&H in the High Court of Justice on 1 December 2014, on a petition presented on 17 September 2014.

On 9 January 2015 Mr A Kelsall of Larking Gowen was appointed as liquidator of D&H on behalf of the Secretary of State. The Company's claim of £27,141.14 had been lodged in the liquidation of D&H.

The final report from the liquidator of D&H confirmed there would be no dividend declared to the unsecured creditors and a final meeting of creditors was held on 15 June 2016 and the company is now dissolved. As a result, there will be no realisation from D&H.

## **5.3 Cash at Bank**

As previously reported, cash at bank in the sum of £254,277 had been realised which relates to funds received by the Provisional Liquidator. This included £230,000 recovered under Section 127 of the Insolvency Act 1986 from a supplier of Carbon Credits that received monies after the presentation of the winding-up petition.

The sum of £212,376 was also received, which relates partly to funds received into the Company's bank account after the presentation of the petition. As previously reported, the Joint Liquidators have instructed Mills and Reeve to establish whether these funds should be returned to the relevant parties. These funds are held in a suspense account as reflected on the attached receipts and payments account until this matter is resolved. Investigations remain ongoing at the time of this report.

## **5.4 Settlements**

This is one of several liquidations where we have been appointed as Joint Liquidators. Mr Bradley Ferry is a director and shareholder of the Company and is connected to a conduit company (Brad Baker Limited) uses to receive monies from the Company. Extensive investigations / interviews have been carried out in relation to the conduct of Bradley Ferry and other parties connected to the Company who similarly drew monies from the Company using conduit companies.

Due to the corporate structure, all claims (including those against Bradley Ferry) were pursued by the Joint Liquidators of the Company. The potential claims identified against those involved with officers of the Company and the connected companies, totalled £2.1million.

Bradley Ferry subsequently agreed a settlement of £10,000 in respect of his liability on all of the companies due to his limited means. It will be for the Joint Liquidators to apportion the recoveries and costs between the various Liquidations and this cannot take place until recoveries from all of the connected parties are complete. To date, £7,000 has been received and Mills & Reeve are continuing to pursue the residual balance of £3,000.

Daniel Nwikpo, John Nwikpo and Bari Nwikpo ("the Parties") are shareholders of the Company and connected to other conduit companies used by the Parties to receive monies from the Company.

The Parties and the connected individuals subsequently agreed to a Deed of Settlement of £30,000 in respect of the Parties' liability and the connected Parties' liabilities on all of the companies, due to their limited means. Part of the negotiations and settlement required the Parties to provide Statements of

Means and the settlement was agreed based on their ability to pay. It will be for the Joint Liquidators to make a decision regarding the apportionment of recoveries and costs between the various Liquidations and this cannot take place until recoveries from all of the connected Parties are complete. According to the Deed of Settlement, the payment of £30,000 was to be made in full by 21 January 2016.

As previously reported, the Parties requested a six month extension on the outstanding settlement of £30,000 due to financial difficulties. It was originally agreed that the Parties could have a six month extension with the £30,000 payment being due by 21 July 2016.

On 29 July 2016, the sum of £5,000 was received. The Joint Liquidators received a further proposal for the remaining £25,000 to be paid no later than 31 December 2016. The Joint Liquidators agreed to this further extension, however advised that no further extensions would be allowed.

## **6 Carbon Credits**

As previously reported, it is understood that £14,844 of carbon credits are held on a well-known VCS Registry in customer sub-accounts that are held within the Company's own account at the Registry.

Initially, Mills & Reeve wrote to the Registry but never received a response. Mills & Reeve further advised that the credits are voluntary credits and as such are worthless. As previously advised, advice is being taken on similar cases to which the Joint Liquidators are appointed on and as such investigations are still ongoing at the time of this report.

### **6.1 Administration and planning**

The Joint Liquidators have ensured that all statutory requirements have been adhered to and all other duties in relation to the management of the case have been completed. This includes, but is not limited to, the following activities:

- Statutory duties associated with the appointment including the filing of relevant notices;
- Notification of the appointment to creditors, members, employees and other interested parties;
- Reviewing available information to determine appropriate strategy;
- Setting up and maintaining bank accounts;
- Setting up case files;
- Periodic progress review of the case;
- Correspondence regarding security bond.

## **7 Matters preventing closure**

### **7.1 Outstanding matters**

There are a number of outstanding matters preventing the closure of the case.

- The disclaiming of land in the Company's name;
- The receipt of £3,000 from Bradley Ferry;
- The receipt of £25,000 from the Parties; and
- Investigations into the value of the voluntary credits.

## **8 Joint Liquidators' remuneration, disbursements and expenses**

### **8.1 Basis of remuneration**

The basis of the Joint Liquidators' remuneration was approved by the liquidation committee on 30 November 2012, when the following resolution was passed:

"That the Joint Liquidators be remunerated by reference to time properly spent in dealing with matters relating to the liquidation, such time to be charged at the hourly charge our rate of the grade of staff undertaking the work at the time it was undertaken."

Approval was also given to the drawing of disbursements, including category 2 disbursements. Details of the current rates are attached at Appendix D.

### **8.2 Remuneration and Disbursements incurred in the period from 24 September 2015 to 23 September 2016**

In accordance with insolvency legislation the Joint Liquidators are required to report remuneration 'charged'. This reflects the time charged to the case and is the maximum that can be taken in fees by the Joint Liquidators. It does not necessarily reflect the amount of remuneration that will ultimately be taken by the Joint Liquidators in remuneration. If there are insufficient realisations to allow the Joint Liquidators remuneration to be recovered in full, any balance will be written off. Details of any write off will be set out in the final report.

#### **8.2.1 Joint Liquidators' remuneration**

The following time costs have been incurred by the Joint Liquidators in the current period (a summary of which is set out in appendix G):

	Incurred	Paid
Griffins	£4,603	£6,100
RSM	£3,450	£4,000
<b>Total</b>	<b>£8,053</b>	<b>£10,100</b>

Attached are the following:

- Appendix C: RSM Restructuring Advisory LLP's Charging, Expenses and Disbursements Policy Statement.
- Appendix D: Joint Liquidators' Charge Out and Disbursement Rates;
- Appendix E: Category 2 Disbursements Table;
- Appendix G: RSM Restructuring Advisory's Time Cost Analysis for the period set out above;
- Appendix H: Griffins' Time Cost Analysis for the period set out above.

#### **8.2.2 Joint Liquidators' disbursements**

The basis of the Joint Liquidators drawing disbursements was approved by the Liquidation Committee on 30 November 2012 when the following resolution was passed:

"That the Joint Liquidators be authorised to charge Category 2 disbursements in accordance with the policies provided to creditors."

Disbursements incurred in the period in accordance with the resolution above are detailed on Appendix F (Statement of Expenses).

### **8.3 Total remuneration incurred and paid to date since appointment**

The Joint Liquidators have incurred and paid the following time costs since the date of appointment:

	Incurred	Paid
Griffins	£99,699.50	£61,347.50
RSM	£29,715.52	£28,407.52
<b>Total</b>	<b>£129,415.02</b>	<b>£89,755.02</b>

#### **8.4 Joint Liquidators' statement of expenses**

A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred by the Joint Liquidators in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period together with cumulative figures.

#### **9 Creditors' right to information and ability to challenge remuneration and expenses**

In accordance with the provisions of Rules 4.49E and 4.131 of the Insolvency Rules 1986 creditors have a right to request further information about remuneration or expenses and to challenge such remuneration or expenses.

A request for further information must be made in writing within 21 days of receipt of this report.

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the Liquidator are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

A Guide to Liquidators Fees, which provides information for creditors in relation to the remuneration of a Liquidator, can be accessed at <http://rsm.insolvencypoint.com> under 'general information for creditors'.

A hard copy can be requested from my office by telephone, email or in writing.

Should you have any further queries please contact Harry Sorrell of my office at [harry.sorrell@rsmuk.com](mailto:harry.sorrell@rsmuk.com).



**Nigel Fox**  
**RSM Restructuring Advisory LLP**  
**Joint Liquidator**

Nigel Fox is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales  
Nedim Ailyan is licensed to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association  
Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment



## Appendix A

### Statutory, dividend and other information

Company name:	Tullett Brown Limited
Company number:	06896608
Court & reference:	In The High Court of Justice No. 2781 of 2012
Date of appointment:	27 June 2012
Joint Liquidators:	Nigel Fox and Nedim Ailyan
Functions:	The Joint Liquidators' appointment specified that they would have power to act jointly and severally. The Joint Liquidators have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.
Date of incorporation:	06/05/2009
Previous company names:	N/A
Trading name:	Tullett Brown
Trading address:	2 <sup>nd</sup> Floor Honours Building, Akeman Street, Tring, Hertfordshire, HP23 6AF
Principal activity:	Sale of land
Registered office:	Highfield Court, Tollgate, Chandlers Ford, Eastleigh, SO53 3TY (current) 2 <sup>nd</sup> Floor Honours Building, Akeman Street, Tring, Hertfordshire, HP23 6AF (previous) Suite 404, 324 Regent Street, London W1B 3HH (previous)

Dividends	Owed	Paid	Estimated future prospects
Secured creditor	Nil	N/A	N/A
Preferential creditors	Nil	N/A	N/A
Unsecured creditors	£4,933,415	NIL	Not known
Estimated net property	N/A		
Estimated prescribed part available for unsecured creditors	N/A		

**Tullett Brown Limited  
(In Liquidation)**

**JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 24/09/2015 To 23/09/2016 £	From 24/09/2012 To 23/09/2016 £
<b>RECEIPTS</b>			
Freehold Land & Property	Uncertain	19,544.00	24,628.40
Other Recoveries	Uncertain	0.00	0.00
Cash at Bank	176,000.00	0.00	212,376.27
Cash Held by Accountants	24,277.00	0.00	0.00
Cash at Bank	230,000.00	0.00	254,276.66
Bank Interest Net of Tax		1,042.36	4,605.05
Settlements		5,000.00	12,000.00
Deposit on Creditors Petition		0.00	1,165.00
Post Petition Deposition Recoveries		0.00	2,149.70
Other Credits	Uncertain	0.00	0.00
Carbon Credits	Uncertain	0.00	0.00
		25,586.36	511,201.08
<b>PAYMENTS</b>			
O.R. Administration Fee		0.00	2,235.00
DTI Treasury Bill Fees		0.90	1.95
DTI Payment Fees		0.00	13.95
Secretary of State Fees		3,772.02	47,608.90
Petitioners Costs		0.00	10,262.91
Office Holders Fees		10,100.00	89,755.02
Office Holders Expenses		0.00	2,185.54
ISA - Incidental Charges		0.00	120.00
Auctioneers & Valuers Charges		0.00	521.26
Agents/Valuers Fees		1,060.00	4,947.00
Agents/Valuers Disbursements		0.00	98.00
Legal Fees		0.00	45,553.02
Legal Disbursements		0.00	14,636.44
Irrecoverable VAT		432.00	1,059.40
Adverse Cost Insurance		0.00	21,200.00
ISA Charges		0.00	7,001.00
Insurance of Assets		101.23	984.56
Bank Charges		22.00	286.00
Customers	(5,474,503.00)	0.00	0.00
Trade & Expense Creditors	(18,186.00)	0.00	0.00
HM Revenue and Customs - PAYE and NI		0.00	0.00
		15,488.15	248,469.95
Net Receipts/(Payments)		10,098.21	262,731.13
<b>MADE UP AS FOLLOWS</b>			
ISA IB		7,418.61	39,368.69
ISA - Suspense Account		879.60	215,843.84

**Tullett Brown Limited  
(In Liquidation)**

**JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 24/09/2015 To 23/09/2016 £	From 24/09/2012 To 23/09/2016 £
VAT Receivable / (Payable)		1,800.00	7,518.60
		<u>10,098.21</u>	<u>262,731.13</u>

## **APPENDIX C**

### **RSM Restructuring Advisory LLP**

#### **Charging, expenses and disbursements policy**

##### **Charging policy**

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time.
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done.
- The current charge rates for RSM Restructuring Advisory LLP Southampton are attached.
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it.
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically.

##### **Expenses and disbursements policy**

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate.
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to the relevant approving party, but do not require approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements.
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements.
- A resolution to consider approving category '1' disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP Southampton will be proposed to the relevant approving party in accordance with the legislative requirements.
- General office overheads are not re-charged to the insolvency estate as a disbursement.
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant approving party.
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate.

## Appendix D

### RSM Restructuring Advisory LLP

#### Joint Liquidators' current charge out and disbursement rates

HOURLY CHARGE OUT RATES	
	Current rates £
Partner	395 to 560
Directors / Associate Directors	305 to 415
Managers / Assistant Managers	225
Senior Administrators / Administrators	150 to 190
Support Staff	120

"CATEGORY 2" DISBURSEMENT RATES	
Internal room hire	£100 per room
Subsistence	£25 per night
Travel (car)	42.5p per mile
"Tracker" searches	£10 per case

**Appendix E**

**RSM Restructuring Advisory LLP**

**Joint Liquidators' category 2 disbursements table**

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, type and purpose	Paid £	Unpaid £
None	Nil	Nil
<b>Total</b>		

## Appendix F

### Statement of expenses incurred by the Joint Liquidators in the period from 24 September 2015 to 23 September 2016

Type and purpose	Incurred in period £
Bond and Insurance	150.00
<b>Total</b>	<b>150.00</b>

## **Appendix G**

### **RSM Restructuring Advisory LLP's time cost analysis for the period from 24 September 2015 to 23 September 2016**

#### **Notes to Appendix G**

##### **a) Administration and planning**

This includes dealing with the commencement of the case administration, statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, together with day-to-day case administration duties, maintenance of records and ongoing statutory obligations. These include but are not limited to: handling receipts and payments; VAT and corporation tax issues such as the monthly VAT returns; pension queries and general correspondence. Other matters which are required to be dealt with as part of the appointment and which will fall under this heading include case planning and strategy, case reviews, bonding, obtaining company searches, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, statutory receipts and payments accounts, dealing with (including the winding up of) company pension schemes where applicable.

##### **b) Creditors**

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. The preparation of the Joint Liquidators' proposals has been undertaken including the attendant aspects of providing and obtaining the required information, convening the creditors' meeting etc. A brief report on the outcome of the creditors' meeting and the report on the first six months of the administration period have both been prepared.



## SIP9 Summary Level 2

### Tullett Brown Limited

1055125 / 702 - CCLQ002 - Compulsory Liquidation/Post Ap

For the period 24/09/2015 to 23/09/2016

Period	Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
From Jan 2003										
	<b>Administration and Planning</b>									
	Case Management	0.5	0.5	0.0	0.4	0.8	0.0	2.2	£ 574.00	260.91
	Total	0.5	0.5	0.0	0.4	0.8	0.0	2.2	£ 574.00	260.91
	<b>Creditors</b>									
	Other Creditor Meetings and Reports	0.5	1.0	0.0	3.8	4.6	0.0	9.9	£ 1,741.50	175.91
	Unsecured Creditors	0.0	0.2	1.4	1.1	3.5	0.0	6.2	£ 1,134.50	182.98
	Total	0.5	1.2	1.4	4.9	8.1	0.0	16.1	£ 2,876.00	178.63
	Total Hours (From Jan 2003)	1.0	1.7	1.4	5.3	8.9	0.0	18.3	£ 3,450.00	188.52
	Total Time Cost (From Jan 2003)	£ 403.00	£ 558.00	£ 385.00	£ 1,039.50	£ 1,064.50	£ 0.00	£ 3,450.00		
		1.0	1.7	1.4	5.3	8.9	0.0	18.3	£ 3,450.00	188.52
	Total Hours									
	Total Time Cost	£ 403.00	£ 558.00	£ 385.00	£ 1,039.50	£ 1,064.50	£ 0.00	£ 3,450.00		
	Average Rates	403.00	328.24	275.00	196.13	119.61	0.00	188.52		

## **Appendix H**

**Griffins' time cost analysis for the period from 24 September 2015 to 23 September 2016**

**Tullett Brown Limited**

16. November 2016

## SIP 9 - Time & Cost Summary

Period: 24/09/15..23/09/16

### Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	0 10	0 00	11 40	11 50	2,644 00	229 91
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	0 00	0 00	0 00	6 70	6 70	1 577 00	235 37
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	1 60	1 60	382 00	238 75
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
<b>Total Hours</b>	<b>0 00</b>	<b>0 10</b>	<b>0 00</b>	<b>19 70</b>	<b>19 80</b>	<b>4,603.00</b>	<b>232 47</b>
<b>Total Fees Claimed</b>						<b>5 000 00</b>	

## **PRACTICE FEE RECOVERY POLICY FOR GRIFFINS the trading name of ABBOTT FIELDING LIMITED**

### **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 [www.r3.org.uk](http://www.r3.org.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.r3.org.uk](http://www.r3.org.uk). Alternatively a hard copy is available on request. 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.

### **Chargeout Rates**

Grade of staff	Current charge-out rate per hour, effective from 1 February 2016 £	Previous charge-out rate per hour, effective from 1 February 2015 £
Partner – appointment taker	365-520	345-500
Managers	280-370	260-350
Administrators	250-280	230-260
Support Staff	190-220	170-200

*These charge-out rates charged are reviewed on an annual basis and 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 now only seek time costs for the following categories:

- Investigations
- 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 Abbott Fielding Limited or Griffins 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.

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

Mileage	50p per mile
Photocopying	10p per sheet