

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company O Point Eight Limited
--

Company number 09087824

In the High Court of Justice Chancery Division Manchester District Registry (full name of court)

Court case number 2056 of 2016

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
Darren Brookes
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

Gary John Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From (b) 1 February 2016	To
---------------------------------	------------

(b) 31 July 2016

Signed

Joint / Administrator(s)

Dated

22/8/16

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the public record

Darren Brookes
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

DX Number

0161 927 7788
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE

inology Limited, Glasgow, Scotland



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

O POINT EIGHT LIMITED- IN ADMINISTRATION

Joint Administrators' Progress Report

Covering the Period
1 February 2016 to 31 July 2016

22 August 2016

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

High Court of Justice Chancery Division, Manchester District
Registry
No 2056 of 2016

Our Ref DTB/AP/2460/8

Joint Administrators'
Progress Report



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1 Statutory Information

- 1 1 I was appointed Joint Administrator of the Company together with Gary Corbett on 1 February 2016 in the High Court of Justice, Chancery Division, Manchester District Registry. The application for the appointment of Joint Administrators was made by the director, Mr Gary Trim of Rutland House, 148 Edmund Street, Birmingham B3 2FD.
- 1 2 The Administration is being handled by Milner Boardman & Partners, situated at The Old Bank, 187A Ashley Road, Hale, Cheshire, WA15 9SQ.
- 1 3 The Administration is registered in the High Court of Justice, Chancery Division, Manchester District Registry, under reference number 2056 of 2016.
- 1 4 The trading address of the Company was Unit 10, Washington Centre, Washington Street, Netherton, Dudley, DY2 9RE. The former registered office was Rutland House, 148 Edmund Street, Birmingham B3 2FD.
- 1 5 The registered office of the Company is c/o Milner Boardman & Partners, The Old Bank, 187A Ashley Road, Hale, Cheshire, WA15 9SQ and its registered number is 09087824. The Company was incorporated on 16 June 2014. The Company's previous name was GLT444 Limited.
- 1 6 The principal trading activity of the Company was the manufacture of office and shop furniture.
- 1 7 The functions of the Joint Administrators may be exercised by either or both, acting jointly or alone.
- 1 8 It is considered that the EC Regulation in Insolvency Proceedings applies to these proceedings which are main proceeding as defined in Article 3 of the EC Regulations.

2 Receipts and Payments

- 2 1 Attached at appendix 1 is the Joint Administrators' receipts and payments account for the period from 1 February 2016 to 31 July 2016. The amounts shown do not reflect estimated future realisations or costs.
- 2 2 Receipts since our last report dated 12 February 2016 total £233,332.34 and are broken down as follows -

• Goodwill, IPR	£1
• Book debts	£173,332.34
• Plant, machinery & equipment	£58,996
• Stock	£1,000



-
- Records £1
 - Business name & rights £1
 - Customer contracts, deposits, prepayments £1
- 2.3 Total receipts for the period of the Administration therefore total £233,332.34
- 2.4 Payments since our last report total £200,443.87 and are broken down as follows -
- Debt Collection fees £28,380.79
 - Bibby Financial Services £139,416.69
 - Specific Bond £250
 - Pre Appointment Administrators' fees £2,500
 - Office Holder fees £17,662.50
 - Pre Appointment Agent's fees £1,750
 - Agent's fees £1,750
 - Agent's disbursements £120
 - Legal fees £4,710
 - Legal disbursements £50
 - Pre Appointment Legal fees £550
 - ERA Work £2,870
 - Statutory advertising £144
 - Insurance of assets £289.89
- 2.5 Total payments for the period of the Administration are therefore £200,443.87. The balance of £20,942.31 is currently held in a non-interest bearing estate account.
- 2.6 As the Company was registered for VAT purposes, we confirm that VAT of £11,946.16 is recoverable for the benefit of the insolvent's estate.

3 Joint Administrators' Actions Since Appointment

- 3.1 As previously advised in the Joint Administrators' proposals, independent agents Wignall Brownlow LLP, registered valuers of Manchester, ("Wignalls") were instructed to provide an inventory and valuation of assets. Wignalls advised that the assets consisted of goodwill, IPR, plant, machinery, equipment, stock, records, business name & rights, customer contracts, deposits and prepayments.
- 3.2 As previously reported, a sale of the Company's assets was completed to Zero Point Eight (Dudley) Limited ("Zero Point"), an independent third party, in the sum of £60,000 on 5 February 2016. The sum of £30,000 was paid on completion with deferred payment terms agreed for the balance of £30,000 to be paid in five monthly instalments. We can report that the payment terms were adhered to and the full amount was received by 30 June 2016.



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- 3 3 As reported in the proposals, the Company factored its book debts with Bibby Factors North West Limited, ("Bibbys") At the date of appointment approximately £188,950 was shown as outstanding on the sales ledger with £138,405 being owed to Bibbys I can report that Bibbys have continued to pursue the outstanding debts due to the Company and, as at the date of this report, there is £14,559 outstanding on the ledger, of which £6,000 is approved, with Bibbys currently holding a surplus of £1,010 82 Bibbys have yet to apply their final fees in this matter and therefore it is not possible to advise whether there will be any surplus funds to pay over to the Joint Administrators in respect of book debt realisations until collections have been finalised We can report, however, that additional surplus funds of £5,738 80 recovered by Bibby to date will be realised by reclaiming the VAT Bibby have charged on their fees to date
- 3 4 The Joint Administrators are not aware of any other Company assets

4. Future of the Company

- 4 1 The strategy adopted by the Joint Administrators was to follow objective c by way of realising property in order to make a distribution to the secured creditors and preferential creditors
- 4 2 This objective has been achieved as the secured creditor, Bibbys, has recovered their principal lending in full Additionally, there are sufficient asset realisations to enable the preferential creditors to be paid in full and a distribution to be made to the other floating charge creditor, Mr Gary Trim
- 4 3 The Joint Administrators' proposals which have been approved by the creditors stated that the Joint Administrators will arrange for the Company to exit the Administration by way of dissolution pursuant to paragraph 84 of schedule B1 to the Insolvency Act 1986
- 4 4 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect

5. Prospects for Creditors

5.1 Secured Claims

- 5 1 1 According to Companies House, the Company granted a fixed and floating charge to Bibbys on 8 July 2014, which was registered on 10 July 2014 Bibbys have recovered their lending in full, together with debt collection fees totalling £28,380 79, which have been charged to date
- 5 1 2 According to Companies House, the Company granted a fixed and floating charge to the director, Mr Gary Trim, dated 2 October 2014 which was registered on 11 October 2014 At the date of appointment, Mr Trim was owed £92,196 It is anticipated that there will be sufficient funds to make a distribution to Mr Trim under the terms of his security following the distribution to the preferential creditors, payment of the remaining costs

of the Administration and a prescribed part distribution. The amount available to distribute to Mr Trim is dependent on further book debt realisations and costs.

5.2 Prescribed Part

5.2.1 In accordance with Paragraph 176 (A) of the Insolvency Act 1986, the Joint Administrators are required to set aside a prescribed part of the Company's net property for the benefit of unsecured creditors that would otherwise be available to the secured floating charge holder.

5.2.2 Both floating charges registered against the Company were created after 15 September 2003 and therefore the prescribed part is relevant in this case in relation to Mr Trim's charge, as Bibby will be repaid under their fixed charge on book debts. On the basis of realisations and costs to date, together with an estimate of future realisations, the net property of the Company will be circa £12,000 and we estimate that the prescribed part will therefore be £5,421, however this does not take into account the future costs of the Administration. Based on current realisations and the claims received to date, this would result in a dividend of circa 1 pence in the £.

5.3 Preferential Creditors

5.3.1 The Company employed 29 members of staff, who were made redundant upon appointment and have submitted preferential claims to the Redundancy Payments Office ("RPO") in respect of unpaid wages and holiday pay due. The statement of affairs estimated that preferential claims would total approximately £21,319.

5.3.2 The Joint Administrators have received a preferential claim totalling £19,214.87 from the RPO. We can confirm that no residual preferential claims are due.

5.3.3 It is estimated that there will be £19,214.87 available to distribute to the preferential creditors, which based on current information would yield a dividend of 100p in the £.

5.4 Unsecured Creditors

5.4.1 The statement of affairs included a total amount of £64,329 owed to HM Revenue & Customs ("HMRC") in respect of VAT (£47,883) and PAYE/NIC (£16,446) which was based on estimates. A final claim of £126,155.17 has been received from HMRC relating to VAT of £94,203.15 and PAYE/NIC of £31,952, which includes interest charges, surcharges and assessments raised.

5.4.2 Other unsecured non-preferential creditors were estimated on the statement of affairs to be approximately £272,338 including trade and expense suppliers, employee claims relating to notice pay and redundancy, landlord and shareholder loans. Claims received to date total £248,197, however not all creditors have proved their debt in this matter. It is not anticipated that there will be sufficient funds to enable a dividend to be paid to unsecured creditors other than from the prescribed part as detailed above.



6. Investigations into the Affairs of the Company

- 6.1 We 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
- 6.2 This investigation necessitated an examination of the books and records maintained by the Company, together with Company correspondence either retained by the Company or provided to me subsequently by creditors
- 6.3 We have also examined the conduct of the individuals concerned in the management of the Company and have, where necessary, interviewed the directors of the Company
- 6.4 We have complied with our statutory duty under the Company Directors Disqualification Act 1986 by submitting an appropriate return to the Secretary of State

7 Joint Administrators' Remuneration

7.1 Pre- Administration Costs

On 7 June 2016 the following pre-appointment costs were approved by the secured, preferential and unsecured creditors

Pre-appointment fees charged £2,500
Pre-appointment expenses incurred £2,420

These costs have been paid in full as detailed on the receipts and payments account

- 7.2 On 7 June 2016 the secured creditors, preferential creditors and unsecured approved that the Joint Administrators' remuneration be agreed on a mixture of a time cost basis, fixed fee and a % of realisations and distributions
- 7.3 The Joint Administrators were authorised to draw time costs for our work in respect of investigations, which included time spent on investigating Company assets and directors' conduct, including reviewing books and records and preparing a return pursuant to Company Directors Disqualification Act. This approval was based on our fee estimate of £2,197.50. The fee estimate acts as a cap and we cannot draw remuneration in excess of that estimate without first seeking approval from the creditors. Our total time costs for such work to date amounts to £1,847.50 representing 10 hours work at an average charge out rate of £184.75 per hour, which compares to the estimated average charge out rate in our fee estimate of £209.29 per hour. A breakdown is attached at appendix 2. We have drawn £1,662.50 to date in respect of work done for which our fees were approved on a time cost basis
- 7.4 The Joint Administrators were also authorised to draw a fixed fee of £10,000 for our work in respect of administration and planning and dealing with creditors. This includes time



spent on meetings with company management and accountants, case planning and administration, complying with our statutory duties, reporting to creditors, corresponding with the secured creditors, preparing the required documentation, maintaining physical case files and electronic case files, reviews, dealing with routine correspondence and general administrative work. Work carried out also relates to corresponding with the secured creditors, HMRC, trade creditors, and preferential creditors and includes advising creditors of our appointment, dealing with and processing their claims and dealing with correspondence and telephone calls. We have drawn £10,000 in respect of work done for which our fees were approved as a fixed fee.

- 7.5 Finally, the Joint Administrators were also authorised to draw 10% of realisations for our work in respect of the realisation of assets and 5% of any distributions made. This includes liaising with the agents and solicitors regarding the sale of the assets and monitoring the receipt of the deferred payments. Liaising with Bibbys with respect to book debt collections and assisting where necessary. We have been able to draw £6,000 to date in respect of work done for which our fees were approved as a % of realisations. No fees have been drawn to date in respect of distributions.
- 7.6 Details of the current charge out rates of Milner Boardman & Partners are included within the Practice Fee Recovery Policy which is also attached at appendix 2.
- 7.7 Attached at appendix 3 are details of creditors' rights in relation to the Joint Administrators' remuneration and also to request information on the Joint Administrators' remuneration and expenses. A copy of "A Creditors Guide to Administrators' Fees" published by the Association of Business Recovery Professionals is available to download at www.insolvencypractitioners.org.uk by clicking on "Regulation and Guidance" then "Creditors Fees" and then "Administrators' Fees October 2015". A hard copy of the guide can be obtained on request from this office.
- 7.8 Please note that Milner Boardman & Partners record time in 6 minute units.
- 7.9.1 A total of £5,421.50, of which £4,884 has being incurred since our last report, has been spent on dealing with realisation of the assets.

8 Joint Administrators' Disbursements

- 8.1 Where disbursements are covered in respect of precise sums expended to third parties, there is no requirement for these costs to be authorised. These are known as Category 1 disbursements.
- 8.2 We therefore report that Category 1 disbursements totalling £10,683.89 have been incurred since appointment. We have drawn £10,013.89, all of which was drawn since appointment.



8.3 We have incurred the following disbursements in the period since appointment

Type of expense	Amount incurred in the reporting period (£)
Specific bond	250
Insurance of Assets	289.89
Statutory advertising	144
Agent's fees	2,050
Legal fees	5,080
ERA Work	2,870

8.4 Category 2 disbursements require creditor authorisation before they can be drawn and include staff mileage costs. Milner Boardman & Partners do not intend to charge Category 2 disbursements in this matter.

8.5 We have used the following agents or professional advisors in this reporting period

Professional Advisor	Nature of work	Basis of fees
Wignall Brownlow	Valuer/Auctioneer	Fixed fee
Bermans Solicitors	Solicitor	Time costs
ERA Solutions	ERA Work	Fixed fee

8.6 The choice of professionals was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement. We have reviewed the fees charged in this matter and are satisfied that they are reasonable.

8.7 It was estimated in the Joint Administrators' proposals that ERA Solution's fees for calculating the residual employee preferential claims would be approximately £500. ERA Solutions have been instructed to calculate both the preferential and unsecured creditor residual claims and their fee for carrying this out was £1,200.

9. Conclusion

9.1 This concludes the Joint Administrators' progress report for the six month period to 31 July 2016. The next progress report is due within 1 month of the end of the next six month period i.e. before 28 February 2017, or earlier if the Administration has been finalised. The Administration will remain open until book debt realisations are finalised and the distributions have been made to the preferential, secured and unsecured creditors from the prescribed part. Once these matters have been finalised, we anticipate that the Administration will cease.



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

Yours faithfully
for and on behalf of
O Point Eight Limited

Darren Brookes
Joint Administrator



MILNER BOARDMAN
& PARTNERS
Corporate Receiver

Appendix 1 Receipts and Payments Account

**O Point Eight Limited
(In Administration)**

Summary of Receipts & Payments

RECEIPTS	Statement of Affairs (£)	From 01/02/2016 To 12/02/2016 (£)	From 13/02/2016 To 31/07/2016 (£)	Total (£)
Goodwill, IPR	1 00	0 00	1 00	1 00
Book Debts	151,160 00	0 00	173,332 34	173,332 34
Plant & Machinery, Equipment	58,996 00	0 00	58,996 00	58,996 00
Stock	1,000 00	0 00	1,000 00	1,000 00
Records	1 00	0 00	1 00	1 00
Business name & Rights	1 00	0 00	1 00	1 00
Cstmrs contracts, deposits, prepayments	1 00	0 00	1 00	1 00
		0 00	233,332 34	233,332 34
PAYMENTS				
Debt Collection Fees		0 00	28,380 79	28,380 79
Bibby Financial Services	(138,405 00)	0 00	139,416 69	139,416 69
Specific Bond		0 00	250 00	250 00
Pre appointment Admin fee		0 00	2,500 00	2,500 00
Office Holders Fees		0 00	17,662 50	17,662 50
Pre appointment agents' fees		0 00	1,750 00	1,750 00
Agents/Valuers Fees		0 00	1,750 00	1,750 00
Agents/Valuers disbursements		0 00	120 00	120 00
Legal Fees		0 00	4,710 00	4,710 00
Legal disbursements		0 00	50 00	50 00
Pre appointment legal fees		0 00	550 00	550 00
ERA Work		0 00	2,870 00	2,870 00
Statutory Advertising		0 00	144 00	144 00
Insurance of Assets		0 00	289 89	289 89
		0 00	200,443 87	200,443 87
Net Receipts/(Payments)		0 00	32,888 47	32,888 47
MADE UP AS FOLLOWS				
VAT Receivable		0 00	6,207 36	6,207 36
Current Account		0 00	20,942 31	20,942 31
Vat Control Account		0 00	5,738 80	5,738 80
		0 00	32,888 47	32,888 47



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

Appendix 2
Milner Boardman & Partners'
Time Analysis as at 31 July 2016 and
Charge-out Rates

Milner Boardman & Partners

TIME & CHARGEOUT SUMMARIES

O Point Eight Ltd

To 31 Jul 2016

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	15 50	37 20	0 00	0 10	52 80	14,198 50	268 91
Investigations	0 50	0 00	0 00	9 50	10 00	1,847 50	184 75
Realisation of Assets	13 20	2 50	0 00	0 00	15 70	5,421 50	345 32
Creditors	4 70	26 30	0 00	1 20	32 20	7,603 50	236 13
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	12,543 00	14,638 00	0 00	1,890 00		29,071 00	
Total Hours	33 90	66 00	0 00	10 80	110 70		
Average Rate	370 00	221 79	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 (ABRP) 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 <http://www.insolvency-practitioners.org.uk>. Alternatively a hard copy may be requested from the offices of 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 April 2015 £	Previous charge-out rate per hour, effective from 1 November 2008 £
Partner – appointment taker	370	295-370
Senior Manager	255	N/A
Manager	215	215
Case Administrator	175	175
Support Staff	175	175

These charge-out rates charged are reviewed on 1 April each year 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
- 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 intend to recover Category 2 disbursements.



Appendix 3

Creditor's Rights in relation to Administrator's Remuneration

MILNER BOARDMAN & PARTNERS – INFORMATION SHEET FOR CREDITORS

What if a creditor is dissatisfied with administration remuneration?

If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator 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 administrator'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 administrator 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 administration

Creditors rights to information on the administration remuneration and expenses

Within 21 days of receipt of this progress report a creditor may request that the Joint Administrators provide further information about the remuneration and expenses set out in the report Any request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court

The Joint Administrators must provide the requested information within 14 days, unless they consider that

- The time involved in preparing the information would be excessive, or
- Disclosure would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
- The Joint Administrators are subject to an obligation 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 if the Joint Administrators refuse 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