

# WU07

## Notice of progress report in a winding-up by the court



Companies House

WEDNESDAY



A30 \*A8AULC88\* 31/07/2019 #270  
COMPANIES HOUSE

### 1 Company details

Company number 0 2 5 2 6 0 2 8

Company name in full Changtel Solutions UK Limited

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

### 2 Liquidator's name

Full forename(s) Nicholas Edward

Surname Reed

### 3 Liquidator's address

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

### 4 Liquidator's name <sup>1</sup>

Full forename(s) Julie

Surname Palmer

<sup>1</sup> Other liquidator  
Use this section to tell us about another liquidator.

### 5 Liquidator's address <sup>2</sup>

Building name/number 65 St. Edmund's Church Street

Street Salisbury

Post town Wiltshire

County/Region

Postcode S P 1 1 E F

Country

<sup>2</sup> Other liquidator  
Use this section to tell us about another liquidator.

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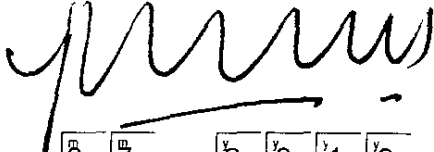
**6** Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 5	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8	
To date	<sup>d</sup> 0	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9	

**7** Progress report


The progress report is attached

**8** Sign and date

Liquidator's signature	Signature		X						
Signature date	<sup>d</sup> 3	<sup>d</sup> 0	<sup>m</sup> 0	<sup>m</sup> 7	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9	

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 **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 **Jonathan Bird**

Company name **Begbies Traynor (Central) LLP**

Address **Fourth Floor**

**Toronto Square**

Post town **Toronto Street**


County/Region **Leeds**

Postcode **L S 1 2 H J**

Country

Dx **leeds@begbies-traynor.com**


Telephone **0113 244 0044**

 **Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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

 **Important information**

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

 **Where to send**

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

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

 **Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

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**Changtel Solutions UK Limited (In  
Compulsory Liquidation)**

High Court of Justice No. 2013-4093

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Progress report

Period: 5 June 2018 to 4 June 2019

## **Important Notice**

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Changtel Solutions UK Limited (In Compulsory Liquidation)
"the liquidation"	The appointment of liquidators by the Secretary of State pursuant to Section 137 of the Act on 5 June 2015.
"the liquidators", "we", "our" and "us"	Nicholas Edward Reed of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Julie Anne Palmer of Begbies Traynor (Central) LLP, 65 St. Edmund's Church Street, Salisbury, Wiltshire, SP1 1EF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

# 2. COMPANY INFORMATION

Trading name(s):	ENTA Technologies
Company registered number:	02526028
Company registered office:	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Former trading address:	Stafford Park 6, Telford, Shropshire, TF3 3AT

# 3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date of winding up order:	28 January 2015
Date of liquidators' appointment:	5 June 2015

## 4. PROGRESS DURING THE PERIOD COVERED BY THIS REPORT

### General

#### Winding-up Summary of Appointment of Liquidators

As noted in our previous report, the Company was wound-up on 29 January 2015 by the Court of Appeal, following the presentation of a petition by HM Revenue & Customs ("HMRC") on 7 June 2013 ("the Petition Date") in respect of the Company's VAT liabilities. The Liquidation followed a protracted period of assessments in relation to the Company's trade in electronic and computer components and associated Missing Trader Intra-Community ("MTIC") VAT fraud.

Julie Palmer and I subsequently were appointed Joint Liquidators on 5 June 2015 by the Secretary of State

This is our fourth progress report and should be read in conjunction with our previous progress reports.

### Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 5 June 2018 to 4 June 2019.

### **What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?**

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorsgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

### Case Progress Preamble

This Liquidation is a complex matter involving actions in multiple jurisdictions. Progress made on this case in the period is advanced from that which was envisaged in last year's report and associated cost forecast. Our costs associated with the actions undertaken have therefore increased proportionately, leading to a minor costs overrun in certain specific cost categories.

Our time spent has however yielded realisations in excess of £7million in the period covered by this report.

Further details as regards our costs and the associated realisations may be found below.

### General case administration and planning

The Liquidation continues to involve the analysis of a very significant number of transactions which occurred in the lead up to the appointment of the Liquidators. These transactions include dispositions of the Company's property which are void under Section 127 of the Act ("s.127 dispositions") and funds that were misappropriated from the Company. The work has included analysing approximately 130 bank accounts which we have identified as being relevant to our investigations.

Whilst costs in this category do not directly generate realisations into the estate, they are critical to the overall strategy of maximising recoveries in the most efficient manner possible.

We have also undertaken regular case and compliance reviews of the Liquidation in order to ensure the case continues to progress in an effective manner. We have also maintained our document management systems in accordance with best practice, and to ensure all decisions made which may materially affect the outcome of the case are fully documented and retained on our file.

### **Compliance with the Insolvency Act, Rules and best practice**

As discussed in our previous reports, and in order to comply with our statutory duties, during the period covered by this report, we prepared and sent our previous annual progress report to creditors and members and filed a copy of that report with the Registrar of Companies.

Additionally, all monies received into the Liquidation have been paid into the Insolvency Services Account ("ISA"), in line with statutory requirements. Payments recorded in the attached Receipts and Payments account that are relevant to this area of costs are as follows:

<b>Cost Narrative</b>	<b>Amount</b>	<b>Notes</b>
DBIS Audit Fees	£88	Quarterly banking fees for the ISA
DBIS Cheque Fees	£16	Costs associated with payment made from the ISA

The statutory bond has been sufficient at all times during the period covered by this report as the level of insurance held is the maximum available, and is not restricted by any upper limit. This is maintained to protect the interests of creditors in the Liquidation estate.

During the period covered by this report, approximately £10,425 has been expended dealing with matters arising under this heading. Whilst these actions may not necessarily directly lead to realisations, these actions are required by statute and are therefore unavoidable tasks which require to be undertaken.

### **Investigations and Asset Realisations**

The history of this matter and the volume of historic transactions necessitates ongoing considerable investigation to advance our actions to recover funds into the Liquidation.

As noted in our previous annual progress reports, in view of the complexity of this matter considerable work has been required in order to better understand the Company's ownership, trading history and to assess the actions available to us as Liquidators.

Our considerable investigative actions remain ongoing and we consider these crucial to the litigation actions commenced to date. Work included investigations into s.127 dispositions and work to advance proprietary claims to assets where the acquisition can be traced to the Company. An update as regards the outcome of certain of these actions, in addition to a commentary of those presently underway, is summarised below where we are able to do so without prejudicing such matters.

### **Disposals of the Company's property**

As creditors will be aware from our previous reports, the Company continued to trade after the Petition Date.

In accordance with Section 127 of the Act, any disposition of the Company's property between the Petition Date and the making of the winding-up Order is void, unless validated by the Court.



In our last report, we confirmed that the Liquidators had reached nine settlements with recipients of s 127 dispositions. During the period covered by this report, a further 11 settlements have been reached with third party suppliers. The terms of these settlements are confidential.

As creditors may note from the Receipts and Payments accounts at Appendix 2, the total receipts during the period in respect of void disposition settlements was £7,115,569.

We are continuing to pursue the recovery of s.127 dispositions and are presently engaged in dialogue with a number of the Company's former suppliers, several of which are at an advanced stage and we are hopeful of reaching further agreements in the near future.

We will provide further information to creditors in due course in respect of these settlements as appropriate.

Creditors will note our estimated costs for dealing with matters under this heading were expected to total £160,000, which has not been exceeded as total time charged during the period has totalled £141,850.

Where proceedings have been necessary, a portion of work to recover s.127 dispositions has been charged under the litigation heading, found under the Other Matters heading below. Furthermore, a proportion of the travel costs and legal fees are associated with our actions in this regard.

#### Ongoing Analysis of Company Records

As in previous reporting periods, substantial time has been spent reviewing and cross referencing the records available to the Liquidators, which comprise both physical and electronic records pertaining to the Company's trading history, transactions and account records amongst others. Time allocated under this heading also includes the forensic analysis time, summarised below.

This analysis work has been crucial in progressing our various enquiries and, in particular, in relation to our recovery actions pursuant to s 127 of the Act and other property assets, as referenced above.

Additionally, the forensic analysis work detailed above remains central to the Liquidators' actions in relation to the Company director, Jason Tsai, which are wide ranging. As in previous years, this work has extended to full Optical Character Recognition ("OCR") analysis of a substantial number of bank statements, across an extended time period. Such costs are allocated to the Investigations subheading.

Payments recorded in the Receipts and Payments that are relevant to this area of costs are as follows:

Cost Narrative	Amount	Notes
Data analysis and hosting costs	£9,735	Analysis and hosting of electronic data with MD5 Limited, a third party supplier.
Agent's Fees	£17,700	Enquiries undertaken in relation to actions against Jason Tsai.

In view of our ongoing actions and the continually developing strategy of the Liquidation, we will continue to review the records available to use to ensure these matters are progressed fully, efficiently and with a view to realising the best return for the Company's creditors.

As detailed above, we are continuing to progress the Company's claims to recover void dispositions of the Company's property pursuant to s.127 of the Act. A full review of the Company's records to identify these dispositions is key to this exercise and then either reaching consensual settlements with recipients or, where necessary, bringing legal action to seek recovery.

### International Actions

As noted in previous reports, and in order to fully advance various matters identified as requiring further review, we have been required to undertake significant actions outside the United Kingdom.

We have ensured that the legal costs incurred are wholly proportionate with the actions pursued. Further information in this respect may be found at section seven of this report.

During the period we have progressed various investigations pertaining to the Director, certain international assets where we previously had no visibility as to ownership and various s 127 process serving fees.

### Property Matters

#### **Apartment 338 Canal Wharf, 14 Waterfront Walk, Birmingham, B1 1SR (“Apartment 338”)**

Our investigative actions uncovered evidence which confirmed the purchase of Apartment 338 could be traced to the Company. During the period covered by this report we liaised with the registered proprietor of Apartment 338, who confirmed they asserted no interest in the same and we therefore issued an application for possession and sale which was granted by the Court on 16 January 2019.

Appropriate insurance cover is being maintained in respect of this property.

As regards the realisation of the property, we requested RemoteZone, a trading style of Eddisons Commercial Limited, attend the property, perform a drain down and secure the property which was found to be vacant. RemoteZone continue to provide security services in respect of the property.

We approached Eddisons Commercial Limited to provide professional valuation and sale advice, who have identified a preferred purchaser and we have agreed a sales price (subject to contract) with the assistance of a local estate agent. Walker Morris are presently progressing the sale of the property and we will provide a further update to creditors in due course.

#### **Apartment 44 Temple House, Temple Street, Birmingham B2 5BG (“Apartment 44”)**

Outside of the period covered by this report, a settlement has been reached to apportion the proceeds of the sale of Apartment 44 and the property will be marketed for sale. The financial outcome of this sale will be reported in the relevant period in which the sale occurs.

#### **Other Property Matters**

In addition to the above in respect of Apartment 338, proceedings have been issued in relation to other UK property matters in order to recover the same into the Liquidation estate and an update will be provided in due course in this respect when to do so would not be prejudicial to potential realisations in this respect.

### Dealing with the Trustees of Jason Tsai

As noted above and in previous reports, Jason Tsai (“Mr Tsai”) is the director of the Company and caused the Company to engage in MTIC VAT fraud.

As previously noted, in our capacity as Liquidators, we commenced various actions against Mr Tsai, which culminated in the Court granting a worldwide Freezing Order (“the Freezing Order”) over Mr Tsai’s assets.

Subsequently, we sought and obtained an Interim Order for Costs against Mr Tsai, which was not defrayed. Consequently, on 20 March 2018 we presented a petition for the Bankruptcy of Mr Tsai and a Bankruptcy Order was subsequently made by the Court on 8 May 2018. Nicholas Edward Reed and Joanne Sara Wright were appointed as Mr Tsai’s Joint Trustees in Bankruptcy on 29 May 2018.

During the period covered by this report we have undertaken further investigations into assets which, *prima facie*, fall into the Bankruptcy and whether any proprietary claims arise where assets may be traceable to funds extracted from the Company. Our actions are ongoing in this respect and we will provide a further update in due course.

### **Funding agreement with the Jason Tsai Bankruptcy Estate**

The Company is the significant majority creditor in the Jason Tsai Bankruptcy and, as a result, dividends available from the Bankruptcy will be substantially received in the Liquidation. In order to facilitate the progress of the Bankruptcy and enable initial applications to be issued by the Trustees to recover assets into the Bankruptcy estate, a confidential funding agreement has been entered into between the Liquidation and Bankruptcy estates. Funding of £40,320 has been made available in accordance with that agreement.

### **Other Investigative Matters and Actions Against Associates**

We have previously reported the extensive use of "nominee" names by the Company's director, Mr Tsai.

Such nominee names were utilised to extract funds from the Company and our investigations continue to seek the recovery of these funds, through the use of the broad range of powers bestowed upon the Liquidators under the Act and Rules.

Whilst the time spent on our investigations does not directly result in realisations into the estate, such actions have both identified and assisted in progressing claims in the Liquidation to generate realisations for creditors.

### **Dealing with all creditors' claims (including employees), correspondence and distributions**

We have continued to consult with creditors regarding the actions we are pursuing in the Liquidation.

Per our previous report, prior to our appointment the Company was subject to a number of assessments raised by HMRC in respect of VAT, several of which had been appealed by the Company. These Tribunal actions have now been resolved and we await an updated claim from HMRC.

### **Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel**

#### **Meetings**

During the period, we have been required to attend various meetings with both our advisors, creditors and third parties in order to progress our case strategy to ensure maximum realisations for the benefit of creditors.

Creditors should note time incurred in attending settlement meeting regarding s.127 dispositions, as discussed above, is charged under this heading.

#### **Litigation**

Time allocated under this heading relates to active pursuit of claims to recover assets into the Liquidation estate and concerns actions taken following the issue of proceedings only. For clarity, work done prior to the issue of proceedings is allocated to *Investigations*.

#### **Tax**

We have liaised and met with our accountants, Sagars Accountants Limited, in order to obtain specialist advice and to deal with the Company's tax position arising from our actions regarding the s.127 dispositions and associated transactions.

### Travel

Also allocated under this heading is time spent travelling to various meetings and engagements with our advisors and third parties in association with the actions described above.

## 5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our progress report for the period 5 June 2015 to 4 June 2016.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

### **Secured creditor**

As previously reported, filings at the Registrar of Companies indicate the Company granted security to the Royal Bank of Scotland ("RBS") and RBS Invoice Finance ("RBSIF") in November 2006 and February 2010 respectively. However, both RBS and RBSIF have confirmed to us that these charges have been released.

As such, we consider there are no secured creditors.

### **Preferential creditors**

There are no known preferential claims.

### **Prescribed Part for unsecured creditors pursuant to Section 176A of the Act**

Further to the above, and to the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

### **Unsecured creditors**

As discussed in previous reports, we consider the final outcome of the Liquidation is wholly contingent upon our ongoing investigations in relation to the s 127 void dispositions (details of which set out above) and ongoing legal proceedings to recover funds into the Liquidation.

## 6. REMUNERATION & DISBURSEMENTS

### **Remuneration**

Our remuneration has been fixed by creditors by way of a resolution by correspondence by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the winding up. For the period covered by this report, our remuneration was agreed by reference to our fees estimate dated 3 August 2018 in the sum of £616,000, representing an estimated 2,082 hours at an hourly rate of £296 per hour.

Our actual time costs for the period from 5 June 2018 to 4 June 2019 amount to £666,053 which represents 2,245 hours at an average rate of £297 per hour.

As may be seen from the information above, our time costs in the period therefore exceed the limit of our annual fees estimate by £50,053. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved.

To 4 June 2019, we have drawn the total sum of £2,027,331 on account of our remuneration, against total time costs of £2,237,839 incurred since the date of our appointment

Further to the overview in section 4 of this report, the reasons why the annual fees estimate has been exceeded are as follows:

- Additional work in the period, as a result of extended negotiations and progress made on s 127 dispositions which was in excess of that envisaged in our last report that has generated substantial realisations in the Liquidation; and
- Specific asset recovery actions being progressed during the period that were not projected in this period

In light of the above, we are seeking creditors' approval for the amount by which our annual fees estimate has been exceeded via a Decision Procedure. The documentation which we require creditors to complete and return has been sent separately.

### **Time Costs Analysis**

The following further information in relation to our time costs and disbursements is set out at Appendix 2.

- Time Costs Analysis for the period 5 June 2018 to 4 June 2019
- Time Costs Analysis for the period 5 June 2015 to 4 June 2019
- Begbies Traynor (Central) LLP's charging policy

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the Liquidation.

Please note that details relating to work undertaken in periods covered by previous progress reports can be found in those reports and have not been repeated here. However, a cumulative Time Costs Analysis for the entire period of the Liquidation also appears at Appendix 2 so that creditors have a breakdown of all time spent on the matter to date

As required in accordance with best practice and statutory guidelines, we have provided regular updates to creditors, in respect of this matter while also consulting with creditors in respect of our proposed actions including the Tsai Claims and the s.127 dispositions

### **Further Fees Estimate**

As provided for in our previous annual reports, we have included with this report a forecast of the fees expected to be incurred in the next 12 months of the Liquidation. Included at Appendix 2 is a schedule of costs in this regard which amounts to £764,000, which is complimented by the narrative provided at section eight below

Accordingly, and in addition to the above Decision, we are also seeking creditors' approval of this annual fees estimate via Decision Procedure, further details in respect of which are set out at section 11 of this report and as provided for in the documentation circulated with this report

We will continue to provide, and obtain creditors' approval of, annual fees estimates as the Liquidation progresses.

## Disbursements

To 4 June 2019, we have drawn disbursements in the total sum of £13,822 against total disbursements incurred of £14,297, of which £1,193 has been incurred during the period covered by this report.

### Category 2 Disbursements

In accordance with the approval obtained from creditors by way of a resolution by correspondence, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since our last report to creditors in accordance with our firm's policy, a copy of which is at Appendix 2.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	35 00
<b>TOTAL</b>	<b>35.00</b>

### Disbursements treated as Category 2 disbursements

Amounts paid to any party in which we or our firm or any associate has an interest:	
Type and purpose	Amount £
<p>Eddisons Commercial Limited, which is a member of the Begbies Traynor group, has provided professional valuation advice in respect of 338 Canal Wharf and has been engaged to realise the property.</p> <p>The purpose for engaging Eddisons Commercial Limited was to ensure maximum realisations are achieved in this respect.</p>	2.5% of sale price of 338 Canal Wharf. Of the 2.5%, 1% will be paid to Eddisons for their assistance in realising the property, with the balance of 1.5% comprising the costs of a local agent used by Eddisons to value the property.
<p>RemoteZone, which is a trading style of Eddisons Commercial Limited, have been engaged to provide security services in relation to 338 Canal Wharf.</p> <p>The purpose of this engagement was to ensure the asset was appropriately secured and able to be marketed for sale.</p>	£1,225
<p>Eddisons Insurance Services Limited ("EIS"), which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets.</p>	The cost associated with the provision of open cover insurance by EIS is presently being calculated to address the Liquidators/ specific requirements, however we do not expect these costs to be significant in the context of the Liquidation.

<p>Additionally, during the period covered by this report, EIS have insured the Company's interest in Apartment 338.</p> <p>The manner in which EIS receives payment of its commission from the insurer has changed</p> <p>The commission was previously paid to EIS by the insurer. However, as a result of a change of invoicing process, EIS now raises invoices for the premium(s) payable on the insurer's behalf and receives payment from the insolvent estate. EIS in turn, accounts to the insurer for the premium(s) payable after deducting any commission payable by the insurer.</p>	
<b>TOTAL</b>	<b>TBC</b>

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2015' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

## 7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement showing the total expenses incurred since the date of our appointment also appears at Appendix 3.

### **Expenses actually incurred compared to those that were anticipated**

In our previous progress report we provided details of the expenses incurred up to 4 June 2018, which amounted to a total of £2,210,550.

Additionally, an estimate of the expenses anticipated to be incurred in the period covered by this report was also provided in the range of £670,388 to £1,031,107. The actual expenses incurred during the period covered by this report amount to £748,264, which falls within the range provided with last year's report. It should also be noted that this figure includes the Corporation Tax charged and FOREX movements, which are matters beyond the control of the Liquidators.

Included at Appendix 3 is an estimate of the expenses expected to be incurred in the next 12 months of the Liquidation, having consideration to the various complex matters which remain to be dealt with, as summarised in this report. This expenses forecast represents our best estimate at this time. A further update will be provided in our next annual report in line with our statutory obligations.

## 8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

**What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?**

### General case administration and planning

As discussed in our previous reports, in view of the complexity and multi-jurisdictional nature of this case, we consider we will continue to require considerable case strategy and planning time. This is required in order to ensure each element of the Liquidation is progressed effectively and expeditiously.

We consider we will be required to attend various strategy reviews with our solicitors, Walker Morris LLP, particularly in view of the various ongoing litigation actions currently underway.

Creditors should note the level of material/documentation generated by our ongoing investigation and litigation actions is significant. As such, we expect considerable time will be required to properly and accurately maintain our records, in accordance with best practice.

### Compliance with the Insolvency Act, Rules and best practice

As noted previously, we are required by the Act and Rules to produce annual progress reports to provide updates to creditors on the progress of the Liquidation. We are also required to seek the views of creditors as necessary and to file our progress reports with the Registrar of Companies.

We project that our costs under this category for the period 5 June 2019 to 4 June 2020 will be similar to those incurred in the period covered by this report.

### Investigations and Asset Realisations

To date, considerable investigation time has been incurred due to the historic trading activity of the Company, and its involvement in MTIC VAT fraud. In future periods we consider this will continue due to the level of ongoing work regarding s.127 claims, the ongoing asset tracing exercise, preparatory work regarding proceedings and various complex financial transactions involving Mr Tsai, his associates and the various nominee names used by Mr Tsai to disguise his business and financial dealings.

Further to the above, we expect time will be incurred analysing the large number of documents provided to the Liquidators, and which we consider relevant to our ongoing litigation actions. Time charged by our forensics colleagues in relation to the OCR analysis of bank statements will be allocated under this heading.

We consider our investigations integral to the progression of the matter generally that the final outcome in the Liquidation is entirely contingent on the result achieved in this respect. As may be seen from actions taken to date, this work has underpinned substantial s.127 realisations into the estate.

### Dealing with all creditors' claims (including employees), correspondence and distributions

We will continue to consult with the creditors of the Company on the ongoing matters in the Liquidation. This consultation is expected to continue to take the form of regular update meetings.

As discussed previously, we have been required to deal with the Company's VAT tribunal matters arising from the Company's historic trading practices. Whilst an agreement has now been reached to resolve the VAT tribunal matters, we continue to await receipt of an adjusted claim from HMRC in this respect. Once this has



been agreed, we will be required to consider and adjudicate on the same, as with all creditor claims made in the Liquidation.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

In view of the ongoing litigation, and in general the level of wider actions to recover funds misappropriated from the Company, we expect we will be required to attend a number of further internal and external meetings with a number of parties, including with our solicitors and advisors, in order to progress the ongoing actions.

Additionally, any time incurred in attending possible s.127 settlement meetings will be allocated under this heading.

As in previous periods, we will liaise with our accountants, Sagars Accountants Limited, in order to deal with the Company's tax affairs generally, and also specifically in relation to matters arising from the recovery of property assets.

Finally, any time incurred in seeking the decisions of creditors in relation to any decisions proposed by the Liquidators will be recorded here.

#### **How much will this further work cost?**

As discussed in our previous reports, due to the size and complexity of the Liquidation and unpredictability in relation to any litigation, we are unable to accurately project either the total duration, or the total expected costs, of the Liquidation.

Accordingly, in line with our previously agreed format, we include with this report an estimate of our costs and expenses for the next 12 months of the Liquidation (i.e. 5 June 2019 to 4 June 2020) which we project will total £764,000 in line with the forecast included at Appendix 2 entitled Further Fees Estimate

#### **Expenses**

Details of the expenses that we expect to incur within the next 12 months in connection with the ongoing matters set out in the Estimate of Anticipated Expenses attached at Appendix 3.

## **9. OTHER RELEVANT INFORMATION**

#### **Investigations**

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. Our actions in this respect are set out at section four of this report to the extent we are able to do so and are ongoing

#### **Use of personal information**

Please note that in the course of discharging our statutory duties as liquidators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. Should you require a hard copy of the information, please do not hesitate to contact us.

## 10. CREDITORS' RIGHTS

### **Right to request further information**

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

### **Right to make an application to court**

Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

## 11. SEEKING DECISIONS OF CREDITORS

As creditors will note from this report, we are seeking the approval of creditors on the basis of our remuneration relating both to the time spent in excess of the previous year's estimate and also for our costs for the next year of the Liquidation.

We intend to seek these decisions in relation to the approval of our remuneration via a Decision Procedure by correspondence and a notice providing further information about the decisions sought has been sent to creditors. Accordingly, we intend to seek the approval of the following decisions:

- THAT the Joint Liquidators' be authorised to draw the additional sum of £50,053 in respect of their time costs for the period 5 June 2018 to 4 June 2019, being the additional costs incurred in excess of the fees estimate dated 3 August 2018 which were approved by the creditors; and
- THAT the Joint Liquidators' remuneration for the period 5 June 2019 to 4 June 2020 be fixed by reference to the time properly given by the Joint Liquidators (as Joint Liquidators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the Liquidation as set out in the fees estimate dated 30 July 2019 in the sum of £764,000 which appears at Appendix 2 be approved.

## 12. CONCLUSION

Should any creditor require further explanation of matters contained within the report, they should contact our office and speak in the first instance to the Jonathan Bird who will be pleased to assist.

We will report again in approximately twelve months time or at the conclusion of the Liquidation, whichever is the sooner.



N Reed  
Joint Liquidator

Dated: 30 July 2019

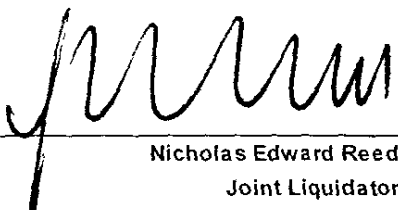
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# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 5 June 2018 to 4 June 2019

Statement of Affairs £	From 05/06/2018 To 04/06/2019 £	From 05/06/2015 To 04/06/2019 £
	<b>ASSET REALISATIONS</b>	
	32,679 90	52,598.28
1,000 00	NIL	2,844.52
	NIL	1,165.00
	(38,943 40)	(34,180 47)
	NIL	52 95
	7,115,568 61	13,475,037 09
	NIL	1,771 95
	<u>7,109,305 11</u>	<u>13,499,289 32</u>
	<b>COST OF REALISATIONS</b>	
	NIL	1,983 68
	1 850 00	19,650 00
	NIL	2,100.42
	22,690.80	103,375 43
	950.00	5,700.00
	237 83	394.50
	6,535 98	10,519 65
	51,635 00	284,221 00
	701 22	5,804 86
	9,735 00	31,582 75
	88 00	352 00
	16 00	48.80
	NIL	2,345.60
	40,320 00	40,320.00
	NIL	805.00
	2,544 93	4,629 53
	566,727 42	2,088,441 43
	125.33	522 56
	5 380.02	16,964 13
	772.90	772.90
	812,822 45	2,027,331 45
	NIL	266.46
	150 00	1,342 87
	NIL	2,400 00
	16 39	5,573 79
	847 64	1,735.78

	Sage Consultancy Fees	NIL	860.06
	SAGE Hosting Costs	NIL	3,335.00
	Search and filing fees	50.00	642.63
	Secretary of State Fees	NIL	80,000.00
	Security Costs	1,130.00	1,130.00
	Specific Bond	NIL	1,210.00
	Stationery	NIL	114.56
	Statutory Advertising	NIL	84.60
	Storage Costs	376.00	1,240.00
	Subsistence	423.77	1,633.33
	Transcriber fees	639.81	10,835.76
	Translation fees	2,400.00	14,967.11
	Travel costs	876.75	9,500.90
		<u>(1,530,043.24)</u>	<u>(4,784,738.54)</u>
	<b>UNSECURED CREDITORS</b>		
(14,300,000.00)	HMRC (VAT)	NIL	NIL
(2,000,000.00)	Other Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(16,299,000.00)</u>		<u>5,579,261.87</u>	<u>8,714,550.78</u>
	<b>REPRESENTED BY</b>		
	ISA (Interest Bearing)		8,528,936.62
	Vat Control Account		111,421.92
	Vat Receivable		74,192.24
			<u>8,714,550.78</u>


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 Nicholas Edward Reed  
 Joint Liquidator

Note: The statement of affairs figures provided above is based wholly upon information supplied by the Director to the Official Receiver during his interview conducted following the winding-up of the Company

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## TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 5 June 2018 to 4 June 2019;
- c. Cumulative Time Costs Analysis for the period from 5 June 2015 to 4 June 2019,
- d. Fees Estimate for the period 5 June 2019 to 4 June 2020.

## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>2</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> *Ibid* 1

*Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements*

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

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

#### **Instructions to Date**

Eddisons Commercial Limited (trading as RemoteZone) have been instructed to provide security and remediation services in respect properties recovered into the Liquidation estate. Their charges for providing these services will be calculated on a case by case basis and will be reported annually. Please see the body of the report for further information in this respect.

Eddisons Commercial Limited have also been instructed to provide valuation and realisation advice to the Liquidators in respect of 338 Canal Wharf. The cost associated with their instruction is as follows:

- Cost of preparing property options report and valuation of the property £950; and
- Cost of realising the property (including managing the sale process) 2.5% gross realisations.

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance is presently under review by EIS and we will provide further information in this respect in due course. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case, as discussed in the body of this report.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

#### **Potential Future Instructions**

In addition to the above, the office holders may instruct Eddisons Commercial Limited to provide valuation and realisation advice in relation to assets recovered into the Liquidation estate. Their charges will be calculated either on a time costs basis (at the prevailing hourly rates for their various grades of staff), the current rates of which are set out below, or alternatively we will instruct Eddisons Commercial Limited for a fixed price, which will be agreed in advance



Eddisons Commercial Limited - Hourly Charge Out Rates (£per hour)

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

Eddisons Commercial Limited may also be instructed to dispose of any further assets identified in the Liquidation estate. Their costs of disposal will be fixed at 15% in respect of stock plant and machinery and fixtures and fittings and up to 2.5% in respect of real estate property.

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

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

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

**BEGBIES TRAYNOR CHARGE-OUT RATES**

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

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175

Junior Administrator	140
Support	140

Prior to 1 December 2018, the following rates applied

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 1 May 2011 – until further notice</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	60 - 110

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

Time is recorded in 6 minute units.

The office holders have used and continue to use the services of BTG Forensic in respect of the liquidation. BTG Forensic is a specialist department of the office holder's firm which provides forensic accounting services. The current charge-out rates applying to work carried out by BTG Forensic are the same as set out below.

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
Partner	395
Senior Manager	310
Senior Administrator	175

SIP9 Changel Solutions UK Limited - Winding Up Compulsory - 80CH403.WUC : Time Costs Analysis From 05/06/2018 To 04/06/2019

Staff Grade	Consultant/Partner	Director	Sr Mgr	Mngr	Asst Mngr	Sr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	41.3	2.0	17.7		5.9	39.4				105.3	34,585.50	328.26
	23.3	2.7	27.4		5.6	45.9		14.2	3.0	121.8	33,079.00	276.50
<b>Total for General Case Administration and Planning</b>	<b>64.6</b>	<b>4.7</b>	<b>45.1</b>		<b>11.5</b>	<b>85.4</b>		<b>14.2</b>	<b>3.0</b>	<b>227.1</b>	<b>68,243.50</b>	<b>300.50</b>
Compliance with the Insolvency Act, Rules and best practice	5.0								12.6	17.6	3,792.00	215.45
Case Closure												0.00
Statutory reporting and statements of affairs	38.8		3.5		0.2	16.1		1.0		59.6	21,888.50	367.26
<b>Total for Compliance with the Insolvency Act, Rules and best practice.</b>	<b>43.8</b>		<b>3.5</b>		<b>0.2</b>	<b>16.1</b>		<b>1.0</b>	<b>12.6</b>	<b>77.2</b>	<b>23,680.00</b>	<b>307.00</b>
Investigations	32.9	27.4	837.5		77.7	50.9		29.6		1050.0	292,353.50	278.85
<b>Total for Investigations:</b>	<b>32.9</b>	<b>27.4</b>	<b>837.5</b>		<b>77.7</b>	<b>50.9</b>		<b>29.6</b>		<b>1,050.0</b>	<b>292,353.50</b>	<b>278.85</b>
Realisation of assets												0.00
Debt collection												0.00
Property, business and asset sales	3.4	2.5	115.9		9.7	289.1	0.5	27.1		449.2	107,376.00	239.04
Retention of 3rd/4th party assets												0.00
<b>Total for Realisation of assets.</b>	<b>3.4</b>	<b>2.5</b>	<b>115.9</b>		<b>9.7</b>	<b>289.1</b>	<b>0.5</b>	<b>27.1</b>		<b>449.2</b>	<b>107,376.00</b>	<b>239.04</b>
Trading												0.00
<b>Total for Trading:</b>												<b>0.00</b>
Dealing with all creditors claims (including employees), correspondence and distributions												0.00
Squared												0.00
Others	3.0	7.6	30.7		0.6	13.1		1.6		56.6	18,670.00	329.70
Creditors committee												0.00
<b>Total for Dealing with all creditors claims (including employees), correspondence and distributions</b>	<b>3.0</b>	<b>7.6</b>	<b>30.7</b>		<b>0.6</b>	<b>13.1</b>		<b>1.6</b>		<b>56.6</b>	<b>18,670.00</b>	<b>329.70</b>
Other matters which includes receiving decisions of creditors, litigation, proposals and travel												0.00
Seeking decisions of creditors												0.00
Meetings	37.3	7.6	60.3		2.0	19.4				126.6	45,905.50	362.60
Other	22.5		11.7							34.2	14,174.50	414.46
Tax	2.4		3.1		2.6	1.1			0.8	10.0	3,119.00	311.90
Litigation	184.7	5.4	2.6		0.2	5.0				207.9	95,530.50	455.45
<b>Total for Other matters:</b>	<b>250.9</b>	<b>13.0</b>	<b>77.7</b>		<b>4.8</b>	<b>25.5</b>			<b>0.8</b>	<b>376.7</b>	<b>153,729.50</b>	<b>408.94</b>
Total hours by staff grade	404.8	56.2	1,110.4		104.7	478.1	0.6	73.5	17.0	2,245.0		
Total time cost by staff grade	180,507.00	24,989.00	332,056.50		20,877.50	95,187.50	87.50	9,150.00	2,098.00		860,043.00	
Average hourly rate £	446.14	444.64	299.04	0.00	200.36	201.19	175.00	124.49	123.41			296.85
(Total fees drawn to date £											2,027,331.45	

31P9 Changel Solutions UK Limited - Winding Up Compulsory - 80CH403.WJC : Time Costs Analysis From 05/06/2015 To 04/06/2019

Staff Grade	Consultant/Partner	Director	Staff Mgr	Mngr	Asst Mngr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	199.1	3.6	91.2	26.2	5.9	84.3	107.4	10.1		529.8	151,276.50	285.54
	82.8	2.9	77.7	25.0	5.6	95.0	61.5	51.6	13.5	415.6	101,723.00	244.76
<b>Total for General Case Administration and Planning</b>	<b>281.9</b>	<b>6.5</b>	<b>168.9</b>	<b>51.2</b>	<b>11.5</b>	<b>179.3</b>	<b>168.9</b>	<b>61.7</b>	<b>13.5</b>	<b>945.4</b>	<b>252,999.50</b>	<b>267.61</b>
Compliance with the Insolvency Act, Rules and best practice	7.0							8.3		15.3	3,678.00	240.36
	10.4							1.7	34.4	59.3	11,796.00	199.95
Case Closure												0.00
Statutory reporting and statements of affairs	86.8	0.1	20.3	19.2	0.2	32.9	23.0	5.6		168.8	60,467.50	357.25
<b>Total for Compliance with the Insolvency Act, Rules and Best Practice</b>	<b>110.2</b>	<b>0.1</b>	<b>29.3</b>	<b>18.2</b>	<b>0.2</b>	<b>32.6</b>	<b>26.8</b>	<b>15.8</b>	<b>34.4</b>	<b>271.4</b>	<b>71,843.00</b>	<b>279.82</b>
Investigations	203.6	27.4	1,811.5	260.6	122.7	82.5	108.9	141.9		2760.1	704,941.00	255.40
	203.6	27.4	1,811.5	260.6	122.7	82.5	108.9	141.9		2,760.1	704,941.00	255.40
Realisation of assets	21.7							2.0		24.0	8,832.00	368.00
	47.0	99.4	624.4	132.2	9.7	482.5	177.6	143.4		1716.2	420,898.00	245.25
Retention of Third Party Assets												0.00
<b>Total for Realisation of assets</b>	<b>68.7</b>	<b>99.4</b>	<b>624.4</b>	<b>132.2</b>	<b>9.7</b>	<b>482.5</b>	<b>177.6</b>	<b>145.4</b>		<b>1,740.2</b>	<b>425,730.00</b>	<b>245.84</b>
Trading												0.00
<b>Total for Trading</b>												<b>0.00</b>
Dealing with all creditors claims (including employees), correspondence and distributions	33.5	7.6	189.9	67.2	0.8	14.8	9.7	7.6		331.1	100,144.50	302.46
												0.00
<b>Total for Dealing with all creditors claims (including employees), correspondence and distributions</b>	<b>33.5</b>	<b>7.6</b>	<b>189.9</b>	<b>67.2</b>	<b>0.8</b>	<b>14.8</b>	<b>9.7</b>	<b>7.6</b>		<b>331.1</b>	<b>100,144.50</b>	<b>302.46</b>
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel	213.1	7.6	123.3	79.5	2.0	24.3	20.8	5.2		475.8	159,574.00	335.38
	49.5	3.0	54.6	25.9			2.7	3.6		139.3	46,797.50	335.95
	19.4		12.2	10.3	2.6	7.5	6.1	1.2	2.3	61.6	17,625.00	286.12
	658.7	5.4	310.4	7.0	0.2	5.0				1186.7	450,083.50	379.27
<b>Total for Other matters</b>	<b>1,140.7</b>	<b>16.0</b>	<b>500.5</b>	<b>122.7</b>	<b>4.8</b>	<b>36.8</b>	<b>29.8</b>	<b>10.0</b>	<b>2.3</b>	<b>1,863.4</b>	<b>674,080.00</b>	<b>361.75</b>
Total hours by staff grade	1,838.6	157.0	3,324.5	855.1	149.7	828.6	525.9	282.2	50.2	7,911.6		
Total time cost by staff grade	734,134.00	58,765.00	966,493.00	173,801.50	25,477.50	157,597.50	71,003.00	43,107.00	5,750.00	2,237,638.50		
Average hourly rate £	399.83	380.67	290.72	265.00	170.19	190.11	135.04	112.79	114.54			282.86
Total fees drawn to date £												2,027,331.45

## THE LIQUIDATORS' ESTIMATE OF THE INCREASED FEES THAT THEY WILL INCUR

Further to the information set out in the report, the Liquidators are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it may be approved in the same time as the basis of our remuneration

Our anticipated fees for the period 5 June 2019 to 4 June 2020 is set out below. Please note that blended hourly rates have been used (as they were for the original estimate) which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column. Details of the hourly rates that will be charged for each level of staff working on the case form part of this Appendix

Details of the work that the liquidators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	150	48,950	326.33
Compliance with the Insolvency Act, Rules and best practice	35	11,400	325.71
Investigations	653	218,800	335.07
Realisation of assets	882	300,000	340.14
Trading	0	0	0
Dealing with all creditors' claims (including employees), correspondence and distributions	100	38,450	384.50
Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel	390	146,400	375.38
<b>Total hours</b>	<b>2,210</b>		
<b>Total time costs</b>		<b>764,000</b>	
<b>Overall average hourly rate £</b>			<b>345.70</b>

The Liquidators anticipate that the following specific work which was not envisaged at the outset of the liquidation (and which is included in the estimate above) will be undertaken:

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated. 30 July 2019

## DETAILS OF THE EXPENSES THAT THE LIQUIDATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED BETWEEN 5 JUNE 2019 AND 4 JUNE 2020

	Type of expense	Description	Estimate £
1.	Advertisements	Of dividends etc.	Nil – 169
2.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	500 – 700
3	Agent's fees and disbursements	For the provision of professional assistance and anticipated disbursements, including associated security costs	1,000-20,000
4.	Legal fees, Counsel costs and anticipated disbursements	The fees of any solicitors and Counsel and their anticipated disbursements instructed to assist the Joint Liquidators in association with their ongoing litigation	750,000 – 1,250,000
5.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	Nil – 300
6.	Investigation expenses	Any sums paid to any third party that assists the Insolvency Practitioner with investigating the affairs of the insolvent entity	10,000 – 50,000
7.	Travel & Accommodation	To and from meetings in connection with the matters set out in this report	2,000 – 10,000
8.	Insolvency Services Account Quarterly fee	In a compulsory liquidation the Insolvency Practitioner is required by statute to hold all of the estate funds in the Insolvency Services Account	88
9	Insolvency Service cheque fees	Where the Insolvency Practitioner is obliged to use the Insolvency Services Account he/she is required to pay a cheque fee when monies are paid out of the account by cheque	10 - 100
10.	Data analysis and hosting costs	In connection with our ongoing investigations	5,000 – 15,000
11.	Accountant's fees .	For the provision of advice and performing Corporation Tax work on behalf of the Company	5,000 – 10,000

# STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Legal Fees	Walker Morris LLP	528,518.00	530,000.00	212,469.78
Legal Disbursements	Walker Morris LLP and others	2,195.21	2,544.93	306.90
Legal Travel Expenses	Walker Morris LLP and others	3,014.75	5,380.02	91.48
Translation Fees	Walker Morris LLP	2,400.00	2,400.00	0.00
Transcriber Fees	Walker Morris LLP	639.81	639.81	0.00
Notarial Fees	Walker Morris LLP	150.00	150.00	0.00
Legal Search Fees	Walker Morris LLP and others	81.00	125.33	18.00
Travel costs	Various	478.60	876.75	0.00
DBIS costs	Insolvency Services	104.00	104.00	0.00
UK Counsel Fees	Various	41,235.00	51,635.00	20,766.00
Foreign Legal proceedings Costs	Various	39,401.03	36,727.42	14,065.43
Data Analysis and Hosting Costs	MD5 Limited	9,735.00	9,735.00	0.00
Bank Charges	Various	237.83	237.83	47.50
Agent's fees	SIRS Europe	4,965.80	4,990.80	0.00
Stationery	Various	4,470.35	2,476.70	1,993.65
Search and filing fees	Various	50.00	50.00	0.00
Corporation Tax	HM Revenue & Customs	6,535.98	6,535.98	0.00
Legal Postage Costs	Various	807.64	847.64	0.00
Storage costs	Restore Plc	563.91	376.00	187.91

Bank Charges	Walker Morris LLP and others	102.50	139.00	0.00
FOREX Gain/Loss	FOREX	38,943.40	38,943.40	0.00
Court Costs	Walker Morris LLP and others	1,260.00	701.22	558.78
Subsistence	Various	423.77	423.77	0.00
Accountant's fees	Sagars Accountants Limited	1,850.00	1,850.00	0.00
Ji-Chuen Tsai Bankruptcy	The Trustees of Ji-Chuen Jason Tsai	40,320.00	40,320.00	0.00
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Security Costs	Eddisons Commercial Limited	1,130.00	1,130.00	0.00
Agent's Fees paid to Eddisons	Eddisons Commercial Limited	950.00	950.00	0.00
Agents Fees paid to BTG Advisory	BTG Advisory	17,700.00	17,700.00	0.00

**Note:** Where costs paid in the period are in excess of those incurred, such payments relate to brought forward outstanding balances due for prior period(s), which may therefore leave a balance outstanding in respect of costs incurred during the period.



## CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Legal fees	Walker Morris LLP	2,168,132.50
Foreign Legal Proceedings Costs	Various	120,102.83
UK Counsel Fees	Various	304,987.00
Legal disbursements	Walker Morris LLP and others	4,279.81
Legal travel expenses	Walker Morris LLP and others	14,598.86
Legal agent fees regarding hearings	Walker Morris LLP and others	805.00
Legal search fees	Walker Morris LLP and others	478.23
Court fees	Walker Morris LLP and others	6,363.64
Translation fees	Walker Morris LLP	14,967.11
Transcriber fees	Walker Morris LLP	10,835.76
Counsel fees	Various	273,821.00
Data analysis and hosting costs	MD5 Limited	31,582.75
Photocopying costs	Various	5,573.79
Bond	Marsh Limited	1,210.00
Agent's fees	Various	103,375.43
Agent's disbursements	Various	2,100.42
Stationery	Various	4,584.91
Search and filing fees	Various	642.63
Accommodation Costs	Various	1,983.68
Corporation Tax	HM Revenue & Customs	10,519.65
Postage costs	Various	1,735.78
Bank charges	Various	394.50
Storage costs	Restore Plc	1,427.91
Statutory advertising	Courts Advertising Limited	84.60
SAGE hosting costs	CPiO Limited	3,335.00

SAGE consultancy costs	CPIO Limited	860.06
Secretary of State fees	Secretary of State – Ad Valorem	80,000.00
Official Receiver's administration fee	Secretary of State	2,400.00
Travel Costs	Various	9,500.90
Notarial Fees	Various	1,342.87
DBIS costs	The Insolvency Service	352.00
Accountant's fees	Sagars Accountants Limited	19,650.00
Insurance premium paid to Eddisons	Eddisons Insurance Services Limited	2,345.60