

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 1 7 9 4 4 4 5

Company name in full Microlights Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice

Court case number C R - 2 0 2 0 - 0 0 0 5 7 5

3 Administrator's name

Full forename(s) Andrew

Surname Tate

4 Administrator's address

Building name/number Montague Place

Street Quayside

Post town Chatham Maritime

County/Region Kent

Postcode M E 4 4 Q U

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

5**Administrator's name ①**

Full forename(s)

James

Surname

Hopkirk

① Other administrator

Use this section to tell us about another administrator.

6**Administrator's address ②**

Building name/number

Montague Place

Street

Quayside

Post town

Chatham Maritime

County/Region

Kent

Postcode

M E 4 4 Q U

Country

② Other administrator

Use this section to tell us about another administrator.

7**Appointor/applicant's name**

Give the name of the person who made the appointment or the administration application.

Full forename(s)

the

Surname

Directors

8**Proposed liquidator's name**

Full forename(s)

Andrew

Surname

Tate

Insolvency practitioner number

8 9 6 0

9**Proposed liquidator's address**

Building name/number

Montague Place

Street

Quayside

Post town

Chatham Maritime

County/Region

Kent

Postcode

M E 4 4 Q U

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name^①

Full forename(s)	James
Surname	Hopkirk
Insolvency practitioner number	2 1 1 5 0

① Other liquidator

Use this section to tell us about another liquidator.

11 Proposed liquidator's address^②

Building name/number	Montague Place
Street	Quayside
Post town	Chatham Maritime
County/Region	Kent
Postcode	M E 4 4 Q U
Country	


② Other liquidator

Use this section to tell us about another liquidator.

12 Period of progress report

From date	d 0 3	m 0 8	y 2 0 2 0
To date	d 0 7	m 0 1	y 2 0 2 1

13 Final progress report
☒ I have attached a copy of the final progress report.
14 Sign and date

Administrator's signature	Signature 	X	
Signature date	d 0 7	m 0 1	y 2 0 2 1

**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 **Rob Sage**

Company name **Kreston Reeves LLP**

Address **Montague Place**

Quayside

Post town **Chatham Maritime**

County/Region **Kent**

Postcode **M E 4 4 Q U**

Country

DX

Telephone **01634 899800**

**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 and dated the form.

**Important information**

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

**Where to send**

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

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

**Further information**

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

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

Microlights Limited t/a Aurora Lighting
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 03/02/2020 To 07/01/2021 £	From 03/02/2020 To 07/01/2021 £
	ASSET REALISATIONS		
	B&R delivery cost reimbursement	97.30	97.30
	Bank Interest Gross	54.29	54.29
86,000.00	Book Debts	79,882.00	79,882.00
	Cash at Bank	102,901.67	102,901.67
	Computer Equipment	13,850.00	13,850.00
146,000.00	Equipment, Fixtures & Fittings	36,158.50	36,158.50
1.00	Inter Company Balances	1.00	1.00
	IPR Assignment	1.00	1.00
	IT Support - Sircles.net	(900.00)	(900.00)
100,000.00	LLC Shares	75,654.00	75,654.00
100,000.00	O2 Shares	80,318.00	80,318.00
	Petty Cash	66.30	66.30
	R&D Division	1.00	1.00
58,000.00	Stock/WIP	45,658.83	45,658.83
		433,743.89	433,743.89
	COST OF REALISATIONS		
	Agents Fees - LSH	3,140.00	3,140.00
	Book Debts received post appointment	102,936.07	102,936.07
	HR Consultancy - Carol Brown Associ	1,946.10	1,946.10
	Insurance of Assets	433.17	433.17
	Joint Administrators' Expenses	638.42	638.42
	Joint Admin's Post Appt fees	63,210.00	63,210.00
	Joint Admin's Pre Appt fees	62,256.78	62,256.78
	KR Valuers Fees - Pre Appt	8,000.00	8,000.00
	Legal fees - Post appt	4,322.50	4,322.50
	Legal Fees - Pre appt	28,421.65	28,421.65
	Rents Payable	6,164.38	6,164.38
	Security	4,064.70	4,064.70
	Statutory Advertising	86.65	86.65
	Storage Costs	2,211.18	2,211.18
	Valuers Fees - Pre appt	3,990.00	3,990.00
		(291,821.60)	(291,821.60)
	PREFERENTIAL CREDITORS		
(12,318.57)	Employee Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(209,957.59)	Employees	NIL	NIL
(7,401,086.40)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(6,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(7,139,361.56)		141,922.29	141,922.29
	REPRESENTED BY		
	Barclays Current Ac IB		128,881.05
	Vat Control Account		13,017.58
	Vat Receivable		23.66
			141,922.29

Microlights Limited t/a Aurora Lighting (In Administration)

Joint Administrator's Final
Report to Members and
Creditors

Dated: 7 January 2021

Joint Administrators' Final Progress Report relating to

Microlights Limited t/a Aurora Lighting ("the Company") – In Administration

I am reporting on the progress made in the above company's administration since my appointment as Joint Administrator on 3 February 2020.

This report will give an account of my acts and dealings and of the conduct of the administration for the period from my last progress report to 7 January 2021 and should be read in conjunction with any previous reports and correspondence. Any reference to 'the period covered by this report' refers to the period 3 August 2020 to 7 January 2021.

The contents of this report are detailed as follows:

1. Statutory Information,
2. Summary of the Administrators' Proposals,
3. Steps Taken During the Administration,
4. Outcome of Administration,
5. Receipts and Payments Account,
6. Assets,
7. Liabilities and Dividend Prospects,
8. Investigation into the Affairs of the Company,
9. Pre-Administration Costs,
10. Administrators' Remuneration,
11. Administrators' Expenses,
12. Further Information,
13. Summary.

The enclosures provided with this report are as follows:

1. Receipts and payments account,
2. Routine work summary,
3. A summary of my firm's time costs to date,
4. Details of my firm's charge out rates and disbursement policy.

STATUTORY INFORMATION

Company name:	Microlights Limited
Court name and reference	High Court of Justice CR-2020 of000575
Company number:	01794445
Trading address:	Unit A, Europark, Frankland Road, Blagrove, Swindon, Wiltshire, SN5 8YG
Registered office:	Montague Place, Quayside, Chatham Maritime, Chatham, Kent, ME4 4QU
Former registered office:	6 Little Burrow, Welwyn Garden City, AL7 4SW
Principal trading activity:	Production and Sale of Display Lighting Systems
Joint Administrators' names:	Andrew Tate and James Hopkirk
Joint Administrators' address:	Montague Place, Quayside, Chatham Maritime, Kent, ME4 4QU
Date of appointment	3 February 2020
Appointment made by:	Directors
Actions of Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

SUMMARY OF THE ADMINISTRATORS' PROPOSALS

The following proposals were approved by the creditors by way of a Decision Procedure on 17 March 2020.

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
 - (i) will take steps to realise the cash at bank, remaining plant and equipment, Office furniture, remaining stock and deferred consideration due to the Company;
 - (ii) *take control of the Company's records and investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and*
 - (iii) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose

incidental to these proposals

- (b) *the Administration will end by placing the Company into Creditors' Voluntary Liquidation*, and we propose that Andrew Tate and James Hopkirk are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 13.
- (c) Should it become apparent that a dividend will not be paid to unsecured creditors, it will be necessary to revise my proposals and seek an alternative exit route, for example that the Administration is ended by filing a dissolution notice to the Companies House.
- (d) the Administrators will be discharged from liability in respect of any actions of theirs as administrators under Paragraph 98 of Schedule B1 of the Insolvency Act 1986 following their appointment ceasing to have effect on the date that the Company is placed into liquidation.

I am pleased to confirm that there are sufficient funds to allow a distribution to be aid to unsecured creditors and, to facilitate this, the company will move to Creditors Voluntary Liquidation upon this report being filed at Companies House.

STEPS TAKEN DURING THE ADMINISTRATION

Considerable work has been undertaken in the following areas during the reporting period:

- Liaising with the Purchaser for the payment of deferred consideration including agreeing reduced amounts due in respect of Stock/WIP, LLC Shares and O2 Shares due to the impacts of Covid19
- Continuing bi-weekly calls with the company on the retention of title claims made against the company
- Finalising my investigations into the Company

I have also undertaken the following work during the period since my appointment:

- Liaising with the Purchaser for the payment of deferred consideration including agreeing on an acceptable revised term due to the impacts of Covid19
- Liaising with the agents regarding the sale of remaining assets not covered under the prepack sale agreement
- Bi-weekly calls with the company on the retention of title claims made against the company
- Dealing with several creditors who have submitted queries concerning their stock they had with the company to assist them in filing their retention of title claim
- Investigating the books and records of the company to ascertain whether there were any potential claims against the directors or other parties
- Dealing with employee claims and queries relating to their redundancy

Routine Work

There is certain work that I am required by the insolvency legislation to undertake in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken during the reporting period is contained in Appendix 1.

OUTCOME OF ADMINISTRATION

As stated in my Proposals, the company will now be moved into Creditors Voluntary Liquidation. The Joint Administrators proposals have been largely achieved but, as detailed in this report, there remain some matters which will continue to be progressed once the company is in Liquidation.

- Claims will be reviewed and a dividend is likely to be paid to both preferential and unsecured creditors.
- There is also deferred consideration relating to the sale of stock totalling £21,180.15 to be collected.
- We will also be formally disclaiming our interest in the lease for the Company's trading premises.

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 3 February, 2020 to 7 January 2021 is attached at Appendix 2. The Receipts and Payments account shows that the balance of £128,881.05 will be transferred to the Liquidator.

ASSETS

As creditors will recall from my previous reports, a valuation of the stock of the Company was prepared by Dan Edgar of European Valuation ("EV"), an independent firm of valuers who have confirmed that they hold Professional Indemnity Insurance.

On 22 January 2020, a valuation of the Plant and Equipment of the Company was prepared by John Lawrence MRICS also of EV.

On 30 January 2020, a valuation of the Shares of the Subsidiary entities and Intellectual Property("IP") was prepared by Richard Heasman of Kreston Reeves LLP.

A pre-packaged sale of certain assets of the company took place on 3 February 2020 on the date of appointment to multiple purchasers of the Aurora Group.

An outline of the different types of asset sold as part of the Pre-Pack sale and the amount for which they were sold, together with a comparison against the valuation realised is as below. Full details of the transaction and the rationale for the sale were disclosed in our previously issued proposals which were approved by creditors.

	Valuation basis & amount (£)			
Asset category	e.g. In-situ	e.g. Ex-situ	Sale Consideration (£)	Amount Realised (£)

Stock	8,000	8,000	5% of the cost price of the transferred goods sold (See note 1)	45,658.83
Computer Equipment	13,365	5,775	13,850.00	13,850.00
Shares in O2 Lights Limited and Microlights Limited LLC	400,000	400,000	200,000.00(See note 2)	155,972.00
Book Debts	NA	NA	40% of each debtor collected (See note 3)	79,882.00
Intellectual property	NIL	NIL	1 (See note 4)	1
Inter Company Balances	NA	NA	1	1
R&D Division	NA	NA	1	1

1. Within 21 days of the end of each month following the date of completion of this transaction:

- the Purchaser was due to pay 5% of the cost price of transferred stock sold during the previous month to the Seller.

The Purchaser agreed to bear the risk of retention of title claims and to act in accordance with a Protocol agreed with the Administrators for the treatment of stock subject to ROT.

2. £50,000 was to be paid for each subsidiary's shares paid on the date of appointment, and within three months of the Completion date:

- An additional £50,000 for the shares in O2 Light Limited unless certain Customers do not place an order with the Buyer by 30 May 2020, in which case the balance was to be reduced by an agreed percentage per customer. I confirm that a further £30,318 has been received during the reporting period and no further realisations will be made in respect of these shares.
- An additional £50,000 for the shares in Microlights Limited LLC, unless certain Customers do not place an order with the Buyer by 30 May 2020, in which case the balance was to be reduced by an agreed percentage per customer. I confirm that a further £25,654 has been received during the reporting period and no further realisations will be made in respect of these shares.

3. Within 21 days of collection of a transferred accounts receivable debt:

- the Purchaser was due to pay 40% of each accounts receivable debt due to the Seller that was collected. Provisions were included that ensure any credit notes over the value of £1,000 are only issued with prior consent from the Administrators and that the Administrators reserve the right to pursue debts through legal action if necessary.

4. A further 20% of the increase above the Consideration of the company's intellectual property if the intellectual property is sold to a third party before 31 December 2020. The Purchaser will undertake a valuation of the Intellectual Property for these purposes prior to any such sale taking place, such value will be capped at £200,000.

The Purchaser agreed to procure and execute all necessary documents with The Prudential Insurance Company of America and Pcp V Cayman Aiv, L.P. to release the relevant fixed and

floating charges as registered over the company's assets on Companies House following the date of Administration. This has ensured that a greater level of realisations are available to the general body of creditors.

I have realised various assets during the reporting period and these are reflected in the attached receipts and payments account.

Cash at Bank

As previously advised, the Company operated a bank account with Santander Bank. The account did not hold any funds on the date of Administration in accordance with the statement received from the bank.. However, following my appointment, I have received £102,901.67 from the company's account with Santander Bank on 19 February 2020. The amount transferred related to debtor payments realised after the appointment of Administrators. As detailed below, the book debts were sold as part of the pre-pack sale and this amount was transferred to Aurora Projects (UK) Limited on 2 March 2020 to allow them to account to us according to the terms in the agreement on a monthly basis. I confirm that no realisations were made under this heading during the reporting period and I do not anticipate any further realisations.

Book Debts (Included in the pre pack sale)

As previously advised, based on the latest company accounts at the date of Administration, the company's book debts (including the prepayments) had a book value of £238,000 and were estimated to realise £155,127. The debts were sold to Aurora Projects (UK) Limited and, as per the sale agreement, within 21 days of collection of a transferred debt, the purchaser will pay 40% of each debt that has been collected. The purchaser agreed to provide the Administrators with a report every month providing the status of each Book Debt. I have received reports confirming that the purchaser has collected a total of £199,707. I have received £14,589 during the reporting period bringing total realisations to £79,882. No further debts are due to be recovered and no further realisations are therefore expected under this heading.

Assets subject to Hire purchase

As previously advised, prior to the appointment of Administrators, the Company instructed valuation agents European Valuation ("EV") to carry out a valuation of the Company's Plant & Machinery and stock. The directors instructed EV on my advice although due consideration was given to the professional relationship that EV had with the Aurora Group. We have previously dealt with EV on various matters and felt that we were able to rely upon their independence, despite this relationship, and therefore we continued to seek advice upon our appointment.

The Company held a hire purchase agreement with Lloyds Bank LLC on a Paint Plant and Bystronic Fabrication Cell. EV estimated the Paint Plant to have a market value in-situ of £85,000 and a market value ex-situ of £15,000 and the Bystronic Fabrication cell to have a market value in-situ of £320,000 and a market value ex-situ of £185,000.

EV reviewed the finance agreement in order to assess the outstanding liability due to the Bank. They concluded that the assets did not hold any equity. The interest in these assets was not transferred to the purchaser and the assets were abandoned to the Bank. The bank has appointed AMS to deal with the abandoned assets. No further realisations are expected under this heading.

Equipment (Including Vehicles)

As previously advised, EV estimated Equipment (other than on Hire Purchase) to have a market value in-situ of £231,330 and a market value ex-situ of £111,800. I had instructed Chris Buller from Lambert Smith Hampton ("LSH") to obtain offers for these assets to be sold on the open market as these were not a part of the prepack sale.

As reported in my previous report, I have realised £27,978.50 from the sale of all assets under this heading. The creditors will note that I have realised less value as compared to its ex-situ valuation. The valuation figures reflected the assumption that a marketing process of at least a three month period would be undertaken prior to selling the assets but in that case I would have paid the basic rent of £79,749 to the landlord for allowing me to keep the assets on his premises. The ongoing rent liability of the premises was very high to allow a lengthy time for its sale and thus in the interest of the creditors I decided to clear the site and sell the assets within a week with a view to maximising net recoveries. No realisations have been made during the reporting period and no further realisations are expected under this heading.

Fixtures & Fittings

As previously advised, EV estimated Office Furniture to have a market value in-situ of £17,745 and a market value ex-situ of £7,450. I instructed Chris Buller from Lambert Smith Hampton ("LSH") to obtain offers for these assets to be sold on the open market. I realised £8,180.00 from the sale of all assets under this heading during a previous reporting period. No further realisations are expected under this heading.

Computer Equipment (Included in the pre pack sale)

As previously advised, EV estimated IT Equipment to have a market value in-situ of £13,365 and a market value ex-situ of £5,775. All the IT Equipment has been sold to Aurora Projects (UK) Limited at a value of £13,850 as part of prepack agreement. The sale consideration was paid as part of the initial consideration during a previous reporting period and therefore no further realisations are expected under this heading.

Stock (Included in the pre pack sale)

As previously advised, EV estimated that the free stock not subject to Retention of Title claim would have in-situ value of £8,000. EV also considered the potential claim for Retention of Title to be £702,000 (this is in addition to free stock)

The sale agreement states that Aurora Projects (UK) Limited (the purchaser) will pay 5% of the cost price of the transferred stock which is subsequently sold, with a minimum consideration payable of 5% of the cost price of 66% of the transferred stock. It was further agreed that the minimum stock consideration will be paid on or before 21 June 2020 and on the first business day of each month the purchaser shall provide a report to the Administrator listing all stock that has been sold during the preceding calendar month. In the worst case, the agreed minimum consideration would amount to £66,838. I confirm that I have reviewed the stock sales and the minimum consideration applies.

The purchaser has agreed to bear the risk of all retention of title claims.

I received £19,690.68 during the previous reporting period leaving the balance from the minimum consideration due of £47,147.32. The purchaser is facing the impacts of Covid 19 and as a result, on 19 May, I agreed for a 30 day extension for 50% of the minimum consideration and a 60 day extension for the balance. Although this is increasing the time for payment, the basis of agreeing an extension was to allow the maximum payment to be made for the benefit of the creditors. During the reporting period, realisations of £25,968.15 have been made bringing total realisations to date to £45,658.83. We have allowed further time for the remainder to be settled and three further payments of £7,060.05 are due on 31 December 2020, 31 January 2021 and 28 February 2021. I confirm that the payment due in December has not yet been received and I am liaising with the purchaser to ensure this is paid shortly.

Intellectual Property (Included in the pre pack sale)

As previously reported, prior to the appointment of Administrators, the Company instructed

forensic accounting specialists of Kreston Reeves ("KR") to carry out a valuation of the Company's Intellectual Property ("IP") and Shares in its subsidiary companies. EV did not offer the specialised skill service of valuing shares and IP and, owing to the time constraints, it was considered the best approach to appoint KR to complete the valuation. Creditors should note that although we are part of the same firm, consideration has been taken to ensure independence and as a result the valuation team contacted the company directly for any information required. The IP is mainly made up of the following:

Ten Trademarks – The Kreston Reeves ("KR") valuation team were advised that these cost less than £1,000 and none have a material sale or licence value. They are held to prevent others using a similar name. In future, products will be manufactured by a third party under the licence but the third party will not be able to sell the trademarks.

Two Designs - These are held for protection purpose and no revenue is generated from them.

Six Patents - The patents were a useful selling point to customers as a description of the products and provided a tax benefit. They are not deemed to be the only selling points and no material profits would be lost if they did not have them.

Given the information provided the IP have benefits, however the valuers advised that they do not increase revenue or profits and there are no material costs. Thus, they do not believe there is any value to the trademark, designs and patents.

As per the sale agreement, the IP has been transferred to Aurora Limited (the purchaser) at the value of £1 which was received in the previous reporting period. No further realisations are anticipated under this heading.

Shares in O2 Lights Limited and Shares in Microlights Limited LLP (Included in the prepack sale)

Shares in O2 Lights Limited and Microlights Limited LLC have been valued by the Kreston Reeves valuation team ("KR") on both a going concern and break up basis, which was intended to reflect the value that would be realised in Administration due to the parent company being Insolvent. They were valued at £440,000 on a going concern basis and at £400,000 on a break-up basis.

The Group was refinanced on 20 December 2018 due to financial crisis and losses at group level. The new finance was obtained from The Prudential Insurance Company of America ("Pricoa") and Pcp V Cayman Aiv,L.P. who held security over all properties, rights, assets and revenues of the company and other group entities including O2 Lights Limited and Microlights Limited LLP. Thus it was noted that in any solvent sale, all realisations would likely be claimed in part settlement of their secured debt leaving no recovery for unsecured creditors.

As per the sale agreement, the shares have been transferred as detailed below in two different tranches:

1. Initial consideration of £100,000 i.e. £50,000 for each company's shares;
2. Within three months of the Completion date:
 - An additional £50,000 for the shares in O2 Light Limited unless certain Customers do not place an order with the Buyer by 30 May 2020, in which case the balance will be reduced by an agreed amount per customer. The list of customers with proportionate reduction amounts is detailed in the table below.
 - An additional £50,000 for the shares in Microlights Limited LLC, unless certain Customers do not place an order with the Buyer by 30 May 2020, in which case the

balance will be reduced by an agreed amount per customer. The list of customers with proportionate reduction amounts is detailed in the table below.

The O2 Lights Limited customers list as agreed is as follows:

Account No.	Customer Name	Agreed Reduction Amount
010005	TJ Morris / Home bargains	£16,806
10112	Lloyds Pharmacy Ireland Ltd	£6,263
10060	New Look Retailers Ltd	£6,192
10078	Peacocks Stores Ltd	£5,486
10069	OSS Managed Services Ltd	£3,589
10047	Mackays	£3,028
10088	Safestore Ltd	£2,877
10106	Sequence UK Ltd	£2,532
10105	Connells Residential	£1,995
10079	Edinburgh Woollen Mill Ltd	£1,233

The Microlights Limited LLC customers list as agreed is as follows:

Account No.	Customer Name	Agreed Reduction Amount
C0102	M H Alshaya Co WLL	£14,425
C0333	Alshaya International Co. LLC	£10,363
C0337	M.H.Alshaya Co. L.L.C.	£5,340
C0335	M/S Wonderful Vie	£4,252
C0100	Al Shaya International Trading Co WLL	£3,923
C0108	Al Shaya Morocco S.A.S.	£2,522
C0234	Yusuf Ahmed Alghanim & Sons WLL	£2,475
C0307	MH Alshaya Co WLL Qatar	£2,376
C0413	Havelock One Interiors LLC	£2,262
C0096	Al Hokair LLC	£2,063

On 19 May 2020, I agreed a 6 week extension for payment of 50% of the deferred value calculated, and a 12 week extension for the balance.

The purchaser has submitted the calculation of the deferred consideration and I expected to realise £25,654 for the shares of Microlights LLC and £30,318 for the shares of O2 Lights Limited. I confirm that these amounts were received in full during the reporting period. I have therefore realised a total of £75,654 in respect of the Microlights LLC shares and a total of £80,318 in respect of the O2 Lighting Limited shares. I do not anticipate any further realisations under this heading.

Bank Interest Gross

The sum of £9.79 has been received during the reporting period in respect of the interest earned on the funds held in the estate bank account, bringing the total received since my appointment to £54.29.

Petty Cash

The sum of £66.30 was received during the previous reporting period in respect of the petty cash held by the Company on the date of Administration. No further realisations are anticipated under this heading.

B & R Delivery cost reimbursement

The sum of £97.30 was received during the reporting period from a third party in respect of a reimbursement of the delivery costs we incurred collecting the company books and records

LIABILITIES AND DIVIDEND PROSPECTS

Secured Creditors

As previously advised, an examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company gave a fixed and floating charge to The Prudential Insurance Company of America ("Pricoa") and Pcp V Cayman Aiv, L.P. on 10 January 2019. However, as a part of sale agreement the Purchaser agreed to procure and execute all necessary documents with The Prudential Insurance Company of America and Pcp V Cayman Aiv, L.P. to release the relevant fixed and floating charges as registered over the company's assets on Companies House following the date of Administration. Therefore, there is no secured creditor claim in the Administration. The charges have not been updated on Companies House and I am currently liaising with the purchaser to ensure that this is done.

Preferential Creditors

The statement of affairs anticipated £12,318.57 in preferential creditors. These relate to employee claims, some of which will have been discharged by the Redundancy Payments Service which will claim in the Administration. I have received a claim from them in the sum of £9,336.12.

It is anticipated that a dividend of 100p in the £ will be paid to preferential creditors.

Crown Creditors

The statement of affairs included £220,635.38 owed to HMRC. HMRC's final claim of £241,201.49 has been received.

Non-preferential Unsecured Creditors

The statement of affairs included 203 non-preferential unsecured creditors with an estimated total liability of £10,188,451.02 (excluding HMRC). I have received claims from 82 creditors at a total of £11,449,034.01. I have not received claims from 149 creditors with original estimated claims in the statement of affairs of £3,538,882.67. I have received high value claims from Aurora Limited of £3,521,736, and from Aurora International Lighting Corp Ltd (HK) of £735,949, both of which were not included in the statement of affairs. These figures include the amounts due to HMRC as detailed above and an amount of £167,836.69 due to the Redundancy Payments Service in respect of their unsecured claim.

It appears likely that a dividend will be declared to non-preferential unsecured creditors and accordingly the Company will be placed into Creditors' Voluntary Liquidation to facilitate the distribution.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. I am required by the Statements of Insolvency Practice to undertake such an initial investigation and the work detailed below has been undertaken in connection with that initial investigation.

In particular, I considered the specific complaints raised by creditors that the company was operational and buying stock for its production and sales up to the date of appointment of the Administrators and that raw materials were purchased on credit even after knowing the insolvent state of the business. Upon further investigation of the company's books and records I observed various entries in the bank book which suggested preference payments to a few of the company's customers in the form of rebates and to their group company in the form of a loan repayment. I had written to the directors for further details on those entries and from their responses which were received after submitting the directors report we could conclude that those were reversal entries and repayment of a short term secured borrowing given by their group company during the period of insolvency. Therefore, those payments did not appear to be preference payments.

I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank book for the 3 years prior to the Company ceasing to trade from the Company; and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Administration and made enquiries about the reasons for the changes.

I had written to the directors for details on a few other entries as well and based on the explanations received from the directors we could conclude that there were no matters that justified further investigation in the circumstances of this appointment.

Within three months of my appointment as Administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

Matters requiring further investigation that may lead to potential recovery actions had been identified, and the work outlined above was undertaken to further those investigations with a view to making recoveries for the benefit of the creditors. As stated above, these matters have now been resolved and no potential claims have been identified. This work was completed during a previous reporting period.

PRE-ADMINISTRATION COSTS

On 17 March 2020 the following pre-administration costs were approved by the creditors:

Pre-administration fees charged by Kreston Reeves LLP: £62,62,256.78

Pre-administration expenses incurred: £42,201.50. These are broken down as follows:

Description	Incurred pre-appointment £	Paid in a previous	Paid during the reporting period £
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		reporting period £	
Valuation Fees – KR	8,000.00	8,000.00	0.00
Solicitors Fees – Administration Application and Sale Agreement	28,265.40	0.00	28,421.65 (This includes disbursements of £156.25)
Employment Assistance-Carol Brown Associates	1,946.10	1,946.10	0.00
Total	38,211.50	9,946.10	28,421.65

These costs have been paid in full, as detailed in the above table and the attached receipts and payments account.

During the reporting period a decision procedure was held in which creditors were requested to approve the valuation fees payable to EV in the sum of £3,990 plus VAT as detailed previously in this report. I confirm that these costs were approved on 11 September 2020 and have subsequently been paid to EV during the reporting period.

ADMINISTRATORS' REMUNERATION

My remuneration was approved on a time cost basis based on a fees estimate of £63,210. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

Time costs incurred for the administration are summarised below:

	No. of Hours	Average Hourly Rate (£)	Total Time (£)
Time recorded during the reporting period 3 August 2020 to 7 January 2021	95.00	227.47	21,610.00
Time recorded during the whole period 3 February 2020 to 7 January 2021	572.80	223.44	127,987.00

My total time costs to 7 January 2021 amount to £127,987, representing 572.80 hours work at a blended charge out rate of £223.43 per hour, of which £20,668 was charged in the period since 2 August 2020, at a blended charge out rate of £223.43 per hour. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £231.96 in my fees estimate.

I have drawn £63,210 to 7 January 2021 of which £35,710 was drawn in the period since 2 August 2020.

I would advise that the level of my time costs have significantly exceeded the level of my estimated time costs for the following reasons:

Due to the complexities of this case the partner has had to be more involved than was initially estimated. We have had to spend a considerable amount of time liaising with the purchaser in respect of the deferred payments and negotiating the reduced amounts which has involved reconciling the relevant figures which has taken a significant amount of time.

We have also had to spend more time than anticipated dealing with creditor and employees queries including liaising with creditors and the purchaser regarding ROT issues and queries.

Finally additional time than was estimated was incurred liaising with the purchaser regarding the company books and records.

We intend to seek a fee increase from creditors once the Company has entered into Liquidation.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Administrators' Fees' also published by R3, together with an explanatory note which shows Kreston Reeves LLP's fee policy are available at the link <https://www.krestonreeves.com/creditor-information>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the April 2017 version.

ADMINISTRATORS' EXPENSES

I have incurred the following expenses of £2,954.35 in the period since 3 August 2020. In the whole of the Administration I have incurred total expenses of £21,806, compared to my estimated expenses of £29,012.18 in my proposals. As at 7 January 2021, I do not anticipate that the expenses I will incur in this matter will exceed my total estimate

Type of expense	Amount incurred/ accrued in the reporting period	Amount incurred/accrued since my appointment	Amount still to be paid
IT Support – Sircles.net	0.00	900.00	0.00
Joint Administrators' Expense- Travel, Car Park and Subsistence	310.00	483.42	155.00
Security Cost	0.00	4,064.70	0.00
Legal fees – Finalising sale	0.00	4,322.50	0.00
Agents Fees - LSH	0.00	3,140.00	0.00
Storage Cost	2,211.18	2,211.18	0.00
Statutory Advertising	0.00	86.65	0.00
Rents payable	0.00	6,164.38	0.00
Insurance of Assets	433.17	433.17	0.00
Total	2,954.35	21,806.00	155.00

Expenses of £155 remain unpaid, and these will be paid out of the assets of the Company in the Liquidation, and in priority to the costs and expenses of the Liquidation.

As you can see above, the total expenses I incurred were in line with the total expenses I estimated I would incur when my remuneration was authorised by the creditors.

I estimate that I will incur future statutory advertising costs of £173.30 together with future storage costs of approximately £2,500 and a corporation tax liability of approximately £50. Therefore my future expenses are estimated at £2,723.30.

I have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Gateley	Solicitors	Time Cost
European valuation	Valuer	Time cost
Kreston Reeves Valuation	Valuer	Time Cost basis
Carol Brown Associates	Employment Assistance	Per day basis
LSH	Sales Agents	Time cost plus percentage of realisation
Security Cost	Security	Actual Value

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of this case.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrators' fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Kreston Reeves LLP can be found at <https://www.krestonreeves.com/creditor-information>.

Kreston Reeves LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Kreston Reeves LLP uses your personal information on our website at <https://www.krestonreeves.com/privacy-policy>.

SUMMARY

The Administration as approved in the proposals is now complete and our files will be closed. If creditors have any queries regarding the conduct of the Administration, or this report, or if they want hard copies of any of the documents made available on-line, they should contact Rob Sage on 01634 899828, or by email at Rob.Sage@krestonreeves.com.



Andrew Tate
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Andrew Tate and James Hopkirk. The Joint Administrators act as agents of the Company and contract without personal liability.

Andrew Tate is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales
James Hopkirk is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales

Appendix 1

1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the office holder's estate bank account.
- Maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing, reviewing and issuing a final progress report to creditors and other relevant parties.
- Seeking discharge as Administrator.
- Filing final returns at Companies House and in Court (as applicable).

2. Creditors

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). The office holder is required to undertake this work as part of their statutory functions.)

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

Microlights Limited t/a Aurora Lighting
(In Administration)
Joint Administrators' Summary of Receipts and Payments

RECEIPTS	Statement of Affairs (£)	From 03/02/2020 To 02/08/2020 (£)	From 03/08/2020 To 07/01/2021 (£)	Total (£)
Computer Equipment		13,850.00	0.00	13,850.00
Inter Company Balances	1.00	1.00	0.00	1.00
Equipment, Fixtures & Fittings	146,000.00	36,158.50	0.00	36,158.50
Stock/WIP	58,000.00	19,690.68	25,968.15	45,658.83
Book Debts	86,000.00	65,293.00	14,589.00	79,882.00
LLC Shares	100,000.00	50,000.00	25,654.00	75,654.00
O2 Shares	100,000.00	50,000.00	30,318.00	80,318.00
Cash at Bank		102,901.67	0.00	102,901.67
Petty Cash		66.30	0.00	66.30
Bank Interest Gross		44.50	9.79	54.29
IPR Assignment		1.00	0.00	1.00
R&D Division		1.00	0.00	1.00
B&R delivery cost reimbursement		0.00	97.30	97.30
		338,007.65	96,636.24	434,643.89

PAYMENTS

IT Support - Sircles.net		900.00	0.00	900.00
Joint Admin's Pre Appt fees		62,256.78	0.00	62,256.78
Joint Admin's Post Appt fees		27,500.00	35,710.00	63,210.00
Joint Administrators' Expenses		483.42	155.00	638.42
Security		4,064.70	0.00	4,064.70
Book Debts received post appointment		102,936.07	0.00	102,936.07
KR Valuers Fees - Pre Appt		8,000.00	0.00	8,000.00
Valuers Fees - Pre appt		0.00	3,990.00	3,990.00
Legal Fees - Pre appt		28,421.65	0.00	28,421.65
Legal fees - Post appt		4,322.50	0.00	4,322.50
Agents Fees - LSH		3,140.00	0.00	3,140.00
HR Consultancy - Carol Brown Associates		1,946.10	0.00	1,946.10
Storage Costs		0.00	2,211.18	2,211.18
Statutory Advertising		86.65	0.00	86.65
Rents Payable		6,164.38	0.00	6,164.38
Insurance of Assets		0.00	433.17	433.17
Employee Arrears/Hol Pay	(12,318.57)	0.00	0.00	0.00
Trade & Expense Creditors	(7,401,086.40)	0.00	0.00	0.00
Employees	(209,957.59)	0.00	0.00	0.00
Ordinary Shareholders	(6,000.00)	0.00	0.00	0.00
		250,222.25	42,499.35	292,721.60

Net Receipts/(Payments)	87,785.40	54,136.89	141,922.29
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MADE UP AS FOLLOWS

Barclays Current Ac IB	83,157.40	45,723.65	128,881.05
VAT Receivable / (Payable)	4,628.00	8,413.24	13,041.24
	87,785.40	54,136.89	141,922.29

40036145 MICROLIGHTS LIMITED**Matter: Post Appointment Work****Analysis of ' time costs for the period 03/08/2020 to 07/01/2021**

Classification of Work Function	Hours					Total Hours	Time Cost	Av hourly Rate
	Partner	Manager	Senior	Assistant Administrator	Support			
Administration and Planning							£	£
Case Planning		2.80	8.50			11.30	2,384.50	211.02
Administrative set up			1.10			1.10	214.50	195.00
Maintenance of records		0.20	1.80			2.00	365.00	182.50
Statutory Reporting		6.20	15.20			21.40	4,838.00	226.07
Liason with Company Officers		2.10	0.90			3.00	754.50	251.50
Cashiering			16.00			16.00	2,880.00	180.00
Partner Review	6.00					6.00	2,670.00	445.00
Pension Matters			0.20			0.20	39.00	195.00
Investigations								
Books and Records			0.30			0.30	58.50	195.00
Inv Antecedent Transactions			0.30			0.30	58.50	195.00
Realisation of Assets								
Debt Collection		0.30	2.00			2.30	474.00	206.09
Retention of Title		1.30	0.20			1.50	403.00	268.67
Property Bus and Asset Sales		2.10	1.70			3.80	919.50	241.97
Identify Secure Insure Assets			4.10			4.10	799.50	195.00
Creditors								
Creditors Claims		0.90	4.00			4.90	972.00	198.37
Communications with Creditor		4.10	10.70			14.80	3,219.50	217.53
Case Specific Matters								
Case specific 1		2.00				2.00	560.00	280.00
Total Hours	6.00	22.00	67.00		0.00	95.00		227.47
Total Fees Claimed (£)	2,670.00	6,412.00	12,528.00		0.00		21,610.00	

40036145 MICROLIGHTS LIMITED**Matter: Post Appointment Work****Analysis of ' time costs for the period 03/02/2020 to 07/01/2021**

Classification of Work Function	Hours					Total	Time	Av hourly
	Partner	Manager	Senior	Assistant Administrator	Support	Hours	Cost	Rate
							£	£
Administration and Planning								
Case Planning	1.00	9.10	74.40			84.50	15,824.00	187.27
Administrative set up			7.20			7.20	1,302.00	180.83
Maintenance of records		5.30	28.20			33.50	6,440.00	192.24
Appointment notification	8.70	2.10				10.80	4,507.50	417.36
Cashiering			38.60			38.60	6,795.00	176.04
Statutory Reporting		24.30	49.60			73.90	16,599.00	224.61
Liason with Company Officers		6.60	3.90			10.50	2,563.50	244.14
Pension Matters		0.80	2.60			3.40	692.00	203.53
Partner Review	19.50					19.50	8,677.50	445.00
Investigations								
Books and Records			10.30			10.30	2,008.50	195.00
Inv Antecedent Transactions		2.30	11.50			13.80	2,994.50	216.99
CDDA Reports		4.70	5.70			10.40	2,511.50	241.49
SIP 2 Review		2.40				2.40	732.00	305.00
Realisation of Assets								
Retention of Title	8.20	37.30	10.30			55.80	16,155.50	289.53
Identify Secure Insure Assets		5.10	4.50			9.60	2,317.50	241.41
Legal Matters		0.80	1.90			2.70	582.50	215.74
Property Bus and Asset Sales	4.10	6.50	4.50			15.10	4,522.00	299.47
Debt Collection		0.50	16.20			16.70	3,311.00	198.26
Trading								
On going employee issues			7.90			7.90	1,540.50	195.00
Creditors								
Communications with Creditor	0.50	17.40	44.90			62.80	13,100.00	208.60
Creditors Claims		5.80	74.90			80.70	14,114.50	174.90
Case Specific Matters								
			0.50			0.50	97.50	195.00
Disbursements			0.20			0.20	39.00	195.00
Case specific 1		2.00				2.00	560.00	280.00
Total Hours	42.00	133.00	397.80		0.00	572.80		223.44
Total Fees Claimed (£)	18,690.00	38,380.00	70,917.00		0.00		127,987.00	

PRACTICE FEE RECOVERY POLICY FOR KRESTON REEVES LLP RESTRUCTURING AND RECOVERY

INTRODUCTION

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.krestonreeves.com/creditor-information>. Alternatively a hard copy may be requested from my office. Please note that we have provided further details in this policy document.

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

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

TIME COSTS 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 listed by staff classification effective from 01 June 2019

Staff Grade	Rate (per hour)
Partner	£445
Manager/Senior Manager	£280 - £350
Senior	£195
Assistant Administrator	£110 – £165
Support	£110

These charge-out rates charged are reviewed in June 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 will seek time costs for the following categories:

- Administration and Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

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 Kreston Reeves LLP; 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.

Kreston Reeves LLP will not be seeking to recover Category 2 disbursements in this case.