

## The Insolvency Act 1986

Liquidator's Progress Report  
Pursuant to Section 192 of  
The Insolvency Act 1986**S.192**

To the Registrar of Companies

For Official Use

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Company Number

02632082

Name of Company

AC (UK) Limited

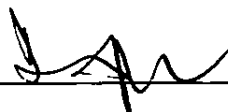
#1 We  
Dermot Justin Power  
3 Hardman Street  
Manchester  
M3 3AT

Shay Bannon  
55 Baker Street  
London  
W1U 7EU

FRANCIS GRAHAM NEWTON  
1 BRIDGEWATER PLACE  
WATER LANE  
LEEDS  
LS11 5TH

the liquidator(s) of the company attach a copy of my/our progress report  
under section 192 of the Insolvency Act 1986

Signed



Date 19/03/2012

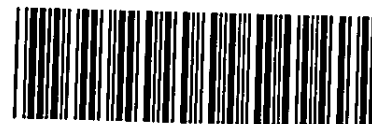
BDO LLP  
3 Hardman Street  
Manchester  
M3 3AT

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For Official Use

Insolvency Sect 1 Post Room

WEDNESDAY



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21/03/2012

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COMPANIES HOUSE

**AC (UK) Limited  
(In Liquidation)  
Creditors' Voluntary Liquidators' Abstract of Receipts & Payments**

| Statement<br>of Affairs                  | From 21/01/2011<br>To 20/01/2012 | From 17/07/2009<br>To 20/01/2012 |
|--|----------------------------------|----------------------------------|
| <b>ASSET REALISATIONS</b>                |                                  |                                  |
| Funds from Administration                | 1,818,946 71                     | 1,818,946 71                     |
| Book Debts                               | 300 00                           | 300 00                           |
| VAT Refund overpaid interest in Admin    | 2,499 57                         | 2,499 57                         |
| Cash at Bank                             | (179 96)                         | (179 96)                         |
| Bank Interest Gross                      | 381 30                           | 381 30                           |
| TSA Payments Account                     | (23,137 59)                      | (23,137 59)                      |
| Sundry Refunds                           | 11,870 47                        | 11,870 47                        |
|  | <u>1,810,680 50</u>              | <u>1,810,680 50</u>              |
| <b>COST OF REALISATIONS</b>              |                                  |                                  |
| Administrators Fees                      | 632,117 65                       | 632,117 65                       |
| Administrators Disbursements             | 4,289 96                         | 4,289 96                         |
| Sec of State Remittance Fees             | 31 15                            | 31 15                            |
| Sec of State Ad Valorem Fees             | 92 00                            | 92 00                            |
| BDO Investment Management                | 5,197 00                         | 5,197 00                         |
| Contribution to Allied Carpets Propertie | 234,462 60                       | 234,462 60                       |
| Legal Fees (1)                           | 21,624 00                        | 21,624 00                        |
| Pension Scheme Costs                     | 1,218 00                         | 1,218 00                         |
| Statutory Advertising                    | 198 86                           | 198 86                           |
| Bank Charges                             | 97 76                            | 97 76                            |
| Debt Collectors Fees                     | 105 00                           | 105 00                           |
|  | <u>(899,433 98)</u>              | <u>(899,433 98)</u>              |
|  | <u><b>911,246.52</b></u>         | <u><b>911,246.52</b></u>         |
| <b>REPRESENTED BY</b>                    |                                  |                                  |
| Vat Input                                |                                  | 900 00                           |
| ISA                                      |                                  | 910,346 52                       |
|  |                                  | <u><b>911,246.52</b></u>         |



Dermot Justin Power  
Creditors' Voluntary Liquidator



Tel +44 (0)161 817 7500  
Fax +44 (0)161 817 7683  
DX 710256 Manchester 3  
www.bdo.co.uk

3 Hardman Street  
Manchester M3 3AT

TO ALL KNOWN CREDITORS

19 March 2012

|                |                |
|----------------|----------------|
| Your Ref       |                |
| Our Ref        | TH/RG/A3059/A6 |
| Please ask for | Richard Groves |
| Direct dial    | 0161 833 8325  |

Dear Sirs

**AC (UK) Limited & Allied Carpets Properties Limited - Both In Creditors' Voluntary Liquidation ("the Companies")**

**Registered Addresses: 3 Hardman Street, Spinningfields, Manchester, M3 3AT**

**Registered Numbers: 02632082 & 02597105**

**Joint Liquidators: Dermot Justin Power, Francis Graham Newton and Shay Bannon**

**Joint Liquidators' Addresses: 3 Hardman Street, Spinningfields, Manchester, M3 3AT;**

**1 Bridge Water Place, Water Lane, Leeds, LS11 5RU;**

**55 Baker Street, London, W1U 7EU**

**Date of Appointment: 21 January 2011**

I enclose for your information an annual progress report in accordance with Section 104A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986.

I also enclose a summary of my receipts and payments to date for both AC (UK) Limited ("AC") and Allied Carpets Properties Limited ("ACP"), showing a balance in hand of £911,247 and £320,847 respectively and report as follows:

**1 Receipts**

**1.1 AC (UK) Limited**

**1.1.1 Funds from Administration**

Following the conclusion of AC's Administration, £1,818,947 was transferred to the Liquidation. This sum represents the funds in hand held at the date of my last report, plus a number of receipts received prior to the Liquidation, the majority of which related to book debts and sundry refunds.

**1.1.2 Book Debts**

During the course of the year, a further £300 has been collected from AC's retail debtors. I do not anticipate any further realisations from this source.

**1.1.3 Transitional Services Agreement ("TSA") Payments Account**

A further £23,138 has been paid to settle various utility accounts that related to the initial trading of a number of stores in the Administration. These payments are covered by the TSA with Allied Carpets Retail Limited ("Retail"). However, as Retail also went

DJP/RG/A3059  
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into Administration in the last year, these payments will now be reimbursed by Filefigure 10 Limited ("Filefigure"), being the secured creditor, under the indemnity they provided to the TSA

#### **1 1.4 Sundry Refunds**

I have received refunds totalling £14,370. The majority of this relates to an overpaid utility account that existed at the date AC entered Administration. As these refunds were one-offs, I do not anticipate any further realisations from this source.

### **1 2 Allied Carpets Properties Limited**

#### **1.2.1 Surplus from Administration**

Following the conclusion of ACP's Administration, £141,338 was transferred to the Liquidation. This sum represents the funds in hand held at the date of my last report less those funds being held in respect of licence monies and Administrators' rent (see Section 1 2.2).

#### **1 2 2 Licence Monies & Administrators' Rent**

These monies have been transferred from ACP's Administration and relate to outstanding liabilities in relation to the occupation of a number of stores during the Administration. I am in the process of finalising these liabilities and the funds held will eventually be distributed for this purpose. Therefore these monies will not be available as a realisation for unsecured creditors.

#### **1.2.3 Rates**

I have continued to receive rates refunds where ACP had previously overpaid its rates bills, or where our agents have successfully agreed a revised rateable value for a property, which in turn has resulted in a refund to ACP

In total, a further £65,419 has been recovered from these sources. I do not anticipate any further material realisations in respect of rates refunds

Fees totalling £11,653 has been paid to our agents in the Liquidation, in respect of their work agreeing revised rateable values.

### **2 Payments**

#### **2.1 AC (UK) Limited**

##### **2.1.1 Legal Fees**

Solicitors were instructed in the Administration to provide general legal advice, as well as specific legal advice over contentious issues, such as the situation with British Gas (see Section 3). In the year, further legal fees of £21,624 have been paid to settle amounts due for work undertaken during the Administration, as well as interim invoices in relation to work carried out in the Liquidation.

In addition there may be further legal costs in relation to advice surrounding the security taken by Filefigure.

#### **2.1.2 Pension Scheme Costs**

As I have previously reported, the Trustees of the AC pension scheme were retained in a consultancy capacity in order to aid the transfer of the pension scheme to the Pension Protection Fund ("PPF")

I can confirm that the transfer of the pension scheme to the PPF has been completed during the year and final invoices totalling £1,218 have been received from the pension trustees and paid.

#### **2.2 Allied Carpets Properties Limited**

##### **2.2.1 Agents' Fees**

At the outset of the Administration, I instructed agents to aid me in the disposal and transfer of ACP's leases. This work has now concluded, with final fees of £8,676 being paid during the year.

##### **2.2.2 Legal Fees**

As I have previously reported, I had instructed solicitors to prepare the necessary documentation to assign, surrender or disclaim each of ACP's leases. Given the number of leases ACP held, this has been a timely process which was concluded at the beginning of the Liquidation. A payment of £78,502 has been made during the year in respect of legal fees, that included costs incurred in the Administration.

#### **3 Outstanding Matters**

##### **3.1 British Gas ("BG")**

BG are claiming that certain utility costs incurred during the course of AC's Administration should be classed as an expense of the Administration. If this were the case, this cost would be covered by the indemnity to the TSA, as detailed above.

The claim is in dispute and we are currently in negotiations with BG to resolve this. Unfortunately, progress has been slow despite supplying all the information requested by BG and the continued pressure being applied by our solicitors for a resolution (the last response was received from BG on 16 December 2011).

In light of the slow progress, our solicitors have sought counsel's advice to gain the legal view on our position and the remedies available. As a result of this, I will shortly instruct our solicitors to make an application to Court for an Order for Costs in order to determine what is due to BG under the TSA.

Following this determination, I will request that BG submit a final unsecured claim against AC so that I am able to progress with making a distribution to unsecured creditors of AC.

As you will appreciate, whilst this claim remains in dispute, I am unable to make a distribution as this matter will impact upon the quantum of the distribution, due to the increase in the level of unsecured creditors.

#### 4 Prospects for Creditors

##### 4.1 AC (UK) Limited

###### 4.1.1 Secured & Preferential Creditors

Filefigure holds a fixed and floating charge over AC, registered on 20 March 2009. Filefigure also holds a cross guarantee. As previously reported, Filefigure has received distributions totalling £2,853,087 under their floating charge.

An amount of £1,192,939 has also been paid to Filefigure in respect of preferential claims arising as a result of Filefigure meeting payments to employees in respect of arrears of wages and outstanding holiday pay.

###### 4.1.2 Unsecured Creditors & the Prescribed Part

Where a company has granted a floating charge after 15 September 2003, a proportion of the funds realised under the floating charge must be set aside for the unsecured creditors. Under the provisions of the Insolvency Act 1986, the prescribed part shall not exceed £600,000.

AC has granted a floating charge after 15 September 2003 and the maximum level of £600,000 is available for distribution to unsecured creditors. These are the only funds available for distribution to unsecured creditors in this matter

I summarise below the estimated unsecured creditor claims received to date:

|                                    | £m           |
|------------------------------------|--------------|
| Pension Protection Fund            | 40.5         |
| Allied Carpets Properties Ltd      | 15.1         |
| Allied Carpets Group plc           | 41.9         |
| HM Revenue & Customs               | 5.0          |
| Redundancy Payments Office ("RPO") | 3.9          |
| Trade & expense                    | 2.5          |
| Residual employee claims           | 1.1          |
|                                    | <u>110.0</u> |

The claim from the RPO is likely to increase because of ongoing tribunal claims for protective awards. I have included an estimated figure for residual employee claims, which will be reviewed shortly.

Claims received from trade and expense creditors have been reviewed and, where possible, agreed.

*If you are yet to submit a Proof of Debt form in this matter, please can I ask that you now complete the attached form 'Proof of Debt' for either AC or ACP and return it to this office with any supporting evidence e.g. till receipts, invoices or statements of accounts will be sufficient in most cases*

Once the British Gas issue has been resolved, a Notice of Intended Dividend will be issued, providing those that are yet to claim with a final deadline to submit their claim by

## 4.2 *Allied Carpets Properties Limited*

### 4.2.1 *Secured & Preferential Creditors*

Filefigure holds a fixed and floating charge over ACP, registered on 20 March 2009. Filefigure also holds a cross guarantee.

As has previously been reported, £15,430,000 (representing fixed charge realisations) has been distributed to Filefigure, being the proceeds from the sale of the freehold properties. There will be no further distributions under the fixed charge.

ACP did not have any employees; therefore there are no preferential creditor claims in this matter.

### 4.2.2 *Unsecured Creditors & the Prescribed Part*

Where a company has granted a floating charge after 15 September 2003, a proportion of the funds realised under the floating charge must be set aside for the unsecured creditors.

ACP has granted a floating charge after 15 September 2003. There will be a distribution under the prescribed part; however any distribution is wholly dependent upon the level of distribution received from AC in respect of the inter-company loan, see 5.2 below.

ACP held all the Companies' leases, so the claims received predominantly relate to unpaid rent and dilapidations. Following the move to Liquidation, all remaining leases have been disclaimed, ensuring that these claims can increase no further.

I summarise below the estimated unsecured creditor claims received to date.

|                                  | £m          |
|----------------------------------|-------------|
| Trade & expense (incl landlords) | 29.5        |
| HM Revenue & Customs             | 5.0         |
|                                  | <u>34.5</u> |

No action will be taken to review these claims until the dividend from AC is available for distribution.

## 5 *Future Prospects*

### 5.1 *AC (UK) Limited*

All assets of AC have been realised and a dividend to unsecured creditors by way of the prescribed part will be made.

As has been detailed above, I am unable to make a distribution until the issue with British Gas has been resolved as it will impact upon the level of unsecured creditors in AC.

## 5.2 *Allied Carpets Properties Limited*

The only remaining realisation relates to the inter-company loan of £15 1m from AC. A claim has been submitted in the AC Liquidation.

However, as previously detailed, the timing of this dividend being paid is currently unknown.

## 6 Administrators' Remuneration

### 6.1 *AC (UK) Limited*

With the sanction of the secured creditor, final fees of £632,118 have been drawn in the Liquidation.

In the year, a further £5,197 has been paid to Broadstone Pensions & Investments Limited (formerly BDO Investment Management Limited) ("Broadstone") for work undertaken in relation to the AC pension scheme in the Administration. These fees were approved by the secured creditor.

### 6.2 *Allied Carpets Properties Limited*

During the Liquidation, a further £195,355 has been drawn in respect of the Administrators' fees, following sanction from the secured creditor.

Funds of £234,463 were transferred from AC to ACP to enable the payment of these fees. This was sanctioned by the secured creditor, given they would be the only beneficiary of these funds as the prescribed part is at the maximum limit of £600k and no other distribution will be made other than via the prescribed part.

## 7 Liquidators' Remuneration

Pursuant to the Insolvency Rules 1986, the Joint Liquidators are obliged to fix their remuneration in accordance with Rule 4.127(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either:

- (1) as a percentage of the assets realised and distributed; and/or
- (2) by reference to the time the Joint Liquidators and their staff have spent attending to matters in the Liquidations, and/or
- (3) as a set amount; and/or
- (4) as a combination of the above.

The Joint Liquidators would now like to seek approval of the basis of their remuneration in respect of these Liquidations.

As has been mentioned above, under the provisions of the Insolvency Rules 1986 the Joint Liquidators are obliged to fix their remuneration in accordance with Rule 4.127(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the assets realised or distributed, or both in combination, or



by reference to the time the Joint Liquidators and their staff spend in attending to matters in these Liquidations, or a fixed amount, or the remuneration may be fixed as a combination of any of the foregoing bases.

In respect of these Liquidations, I wish to ask creditors to approve our remuneration on a time costs basis. Attached are schedules that summarise the time that has been spent in administering these Liquidations up to the date of this report.

For AC, a total of 622 hours have been spent dealing with this Liquidation at an average charge out rate of £208.

For ACP, a total of 393 hours have been spent dealing with this Liquidation at an average charge out rate of £159.

I now seek creditors' approval to draw fees against the current time costs of £129,174.50 and £62,509.50 on AC and ACP respectively and further time costs when accrued.

I can confirm that Broadstone have concluded their work in this matter and I now seek creditors' approval for their final fees in AC of £1,157 plus VAT and disbursements.

For your guidance, I attach "A Creditors' Guide to Liquidators' Fees", together with a document that outlines the policy of BDO LLP in respect of fees and disbursements.

In accordance with Rule 4.63A, I attach a form of written resolution for both AC and ACP regarding the Joint Liquidators' remuneration. Please note that each resolution form may include other resolutions, and creditors may indicate their wishes in respect of resolutions by completing and returning the relevant form to this office by no later than 12:00pm on 7 April 2012. In order for your vote to be valid you must have already submitted a proof of debt, or accompany your vote with one. Votes received after the time set out above will not be counted.

## **8 Disbursements**

Where disbursements are recovered in respect of precise sums expended to third parties, there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I have detailed below, for both AC and ACP, those category 1 disbursements that have paid during the year, as well as those that have been incurred in the Liquidations and will be paid in due course.

Liquidators often charge expenses, for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn and these are known as category 2 disbursements. The policy of BDO LLP is not to charge any category 2 disbursements.

Since my last report, amounts of £4,290 and £31 have been drawn in respect of category 1 disbursements incurred in the Administrations of AC and ACP respectively. These disbursements relate to the cost of my staff attending the Companies head office and the storage of the Companies books and records.

In respect of the Liquidations, £199 has been paid in relation to both AC and ACP in respect of statutory advertising. A further £170 and £134 has been accrued in AC and

ACP respectively, the majority of which is in relation to the storage of books and records.

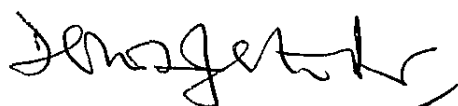
## **9 Creditors' Rights**

I provide at the end of this report an extract from the Insolvency Rules 1986, setting out the rights of creditors to request further information and/or challenge the remuneration or expenses within the Liquidations.

Under Rule 4.63A of the Insolvency Rules 1986, creditors with debts that amount to at least 10% of either AC or ACP's total debts, may request that I summon a meeting to consider the resolutions, within 5 business days of the date of this report. Notification must be in writing and must be received by no later than 26 March 2012.

If you require any further information, please do not hesitate to contact Richard Groves of my office.

Yours faithfully  
for and on behalf of  
AC (UK) Limited & Allied Carpets Properties Limited



D J Power FCA  
**Joint Liquidator**  
Authorised by the Institute of Chartered Accountants in England & Wales

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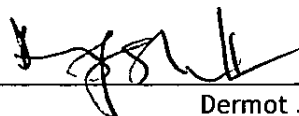
**AC (UK) Limited  
(In Liquidation)  
Creditors' Voluntary Liquidators' Abstract of Receipts & Payments**

| Statement<br>of Affairs              | From 21/01/2011<br>To 20/01/2012 | From 17/07/2009<br>To 20/01/2012 |
|--------------------------------------|----------------------------------|----------------------------------|
| <b>ASSET REALISATIONS</b>            |                                  |                                  |
| Funds from Administration            | 1,818,946.71                     | 1,818,946.71                     |
| Book Debts                           | 300.00                           | 300.00                           |
| Bank Interest Gross                  | 381.30                           | 381.30                           |
| TSA Payments Account                 | (23,137.59)                      | (23,137.59)                      |
| Sundry Refunds                       | 14,370.04                        | 14,370.04                        |
|                                      | <u>1,810,860.46</u>              | <u>1,810,860.46</u>              |
| <b>COST OF REALISATIONS</b>          |                                  |                                  |
| Administrators Fees                  | 632,117.65                       | 632,117.65                       |
| Administrators Disbursements         | 4,289.96                         | 4,289.96                         |
| Sec. of State Remittance Fees        | 31.15                            | 31.15                            |
| Sec. of State Ad Valorem Fees        | 92.00                            | 92.00                            |
| Broadstone Pensions & Investments Lt | 5,197.00                         | 5,197.00                         |
| Contribution to ACP                  | 234,462.60                       | 234,462.60                       |
| Legal Fees (1)                       | 21,624.00                        | 21,624.00                        |
| Pension Scheme Costs                 | 1,218.00                         | 1,218.00                         |
| Statutory Advertising                | 198.86                           | 198.86                           |
| Sundry Expenses                      | 179.96                           | 179.96                           |
| Bank Charges                         | 97.76                            | 97.76                            |
| Debt Collectors Fees                 | 105.00                           | 105.00                           |
|                                      | <u>(899,613.94)</u>              | <u>(899,613.94)</u>              |
|                                      | <u><u>911,246.52</u></u>         | <u><u>911,246.52</u></u>         |
| <b>REPRESENTED BY</b>                |                                  |                                  |
| Vat Input                            |                                  | 900.00                           |
| ISA                                  |                                  | 910,346.52                       |
|                                      |                                  | <u><u>911,246.52</u></u>         |

  
 Dermot Justin Power  
 Creditors' Voluntary Liquidator

**Allied Carpets Properties Limited  
(In Liquidation)  
Creditors' Voluntary Liquidators' Abstract of Receipts & Payments**

| Statement<br>of Affairs       | From 21/01/2011<br>To 20/01/2012 | From 17/07/2009<br>To 20/01/2012 |
|-------------------------------|----------------------------------|----------------------------------|
| <b>ASSET REALISATIONS</b>     |                                  |                                  |
| Funds from Administration     | 141,338.44                       | 141,338.44                       |
| Licence - Rent                | 86,747.57                        | 86,747.57                        |
| Licence - Service Charge      | 594.60                           | 594.60                           |
| Licence - Insurance           | 103.94                           | 103.94                           |
| Rates Refund                  | 5,929.43                         | 5,929.43                         |
| Rates Appeal Refund           | 59,489.86                        | 59,489.86                        |
| Administrators' Rent          | 86,232.49                        | 86,232.49                        |
| Bank Interest Gross           | 500.29                           | 500.29                           |
| Contribution from AC (UK) Ltd | 234,462.60                       | 234,462.60                       |
|                               | <u>615,399.22</u>                | <u>615,399.22</u>                |
| <b>COST OF REALISATIONS</b>   |                                  |                                  |
| Administrators Fees           | 195,354.95                       | 195,354.95                       |
| Administrators Disbursements  | 30.55                            | 30.55                            |
| Rates Appeal Fees             | 11,653.30                        | 11,653.30                        |
| Agents' Fees (1)              | 8,676.28                         | 8,676.28                         |
| Legal Fees (1)                | 78,501.60                        | 78,501.60                        |
| Statutory Advertising         | 198.86                           | 198.86                           |
| Insurance of Assets           | 57.61                            | 57.61                            |
| Bank Charges                  | 79.07                            | 79.07                            |
|                               | <u>(294,552.22)</u>              | <u>(294,552.22)</u>              |
|                               | <u><u>320,847.00</u></u>         | <u><u>320,847.00</u></u>         |
| <b>REPRESENTED BY</b>         |                                  |                                  |
| Vat Input                     |                                  | 37,174.11                        |
| Fixed Account                 |                                  | 17,928.24                        |
| Licence Fee Account           |                                  | 105,642.55                       |
| Floating Account              |                                  | 82,106.45                        |
| Treasury Account              |                                  | 100,000.00                       |
| Vat Output                    |                                  | (22,004.35)                      |
|                               |                                  | <u><u>320,847.00</u></u>         |



Dermot Justin Power  
Creditors' Voluntary Liquidator



Summary of Time Charged and Rates Applicable for the Period From 15/01/2011 to 19/03/2012

| Description                  | PARTNER |          | MANAGER |           | ASSISTANT MANAGER |         | SENIOR ADMINISTRATOR |          | ADMINISTRATOR |           | OTHER STAFF |         | GRAND TOTAL |           | AV RT  |
|------------------------------|---------|----------|---------|-----------|-------------------|---------|----------------------|----------|---------------|-----------|-------------|---------|-------------|-----------|--------|
|                              | Hours   | Total £  | Hours   | Total £   | Hours             | Total £ | Hours                | Total £  | Hours         | Total £   | Hours       | Total £ | Hours       | Total £   |        |
|                              |         |          |         |           |                   |         |                      |          |               |           |             |         |             |           |        |
| D General Administration     | 3 25    | 2,138 50 | 18 70   | 6,061 90  | 5 00              | 925 00  | 37 15                | 6,392 95 | 93 25         | 12,225 00 | 0 50        | 31 00   | 157 85      | 27,774 35 | 171 74 |
| E Assets Realisation/Dealing |         |          | 11 50   | 3,668 50  |                   |         |                      |          | 177 00        | 21,978 00 |             |         | 188 50      | 25,646 50 | 136 06 |
| F Trading Related Matters    |         |          | 4 25    | 1,355 75  |                   |         |                      |          |               |           |             |         | 4 25        | 1,355 75  | 319 00 |
| H Creditor Claims            |         |          |         |           |                   |         |                      |          | 4 50          | 558 00    |             |         | 4 50        | 558 00    | 124 00 |
| I Reporting                  |         |          | 11 50   | 3,284 50  |                   |         |                      |          | 22 50         | 3,127 50  |             |         | 34 00       | 6,412 00  | 188 59 |
| K Work                       | 0 25    | 164 50   | 3 20    | 598 40    |                   |         |                      |          |               |           |             |         | 3 45        | 762 90    | 206 86 |
|                              | 3 50    | 2,303 00 | 49 15   | 14,969 05 | 5 00              | 925 00  | 37 15                | 6,392 95 | 297 25        | 37,888 50 | 0 50        | 31 00   | 392 55      | 62,509 50 |        |

|                     |        |           |
|---------------------|--------|-----------|
| Net Total           | 392 55 | 62,509 50 |
| Secretarial Expense |        | 0 00      |
| Other Disbursements |        | 134 49    |
| Billed              |        | 0 00      |
| Grand Total         |        | 62,643 99 |

**1 Introduction**

- 1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees and explains the basis on which fees are fixed.

**2 Liquidation Procedure**

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.
- 2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.
- 2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and a member of The Insolvency Service, an executive agency within the Department of Business Innovation & Skills. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by the Secretary of State for Business Innovation & Skills. Where an insolvency practitioner is not appointed the official receiver remains liquidator.
- 2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator.

**3 The Liquidation Committee**

- 3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3.2 The liquidator must call the first meeting of the committee within 3 months of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

**4 Fixing the Liquidator's Fees**

- 4.1 The basis for fixing the liquidator's remuneration is set out in Rule 4.127 - 4.127B of the Insolvency Rules 1986. The Rule states that the remuneration shall be fixed either
- as a percentage of the value of the assets which are realised or distributed or both, or
  - by reference to the time properly given by the liquidator and his staff in attending to matters arising in the insolvency, or
  - As a set amount

It is for the liquidation committee (if there is one) to determine or a set amount which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the amount to be applied. Rule 4.127 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the assets which the liquidator has to deal with.

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as the committee would. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with the scale laid down for official receivers. Unless it's a CVL in which case if it is not fixed within 18 months of the liquidator's appointment, the liquidator may apply to court for his/her fees to be fixed.

## **5 What Information should be Provided by the Liquidator?**

### **5.1 When seeking fee approval**

5.1.1 When seeking agreement to his fees the liquidator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

Where, at any creditors' or committee meeting, the liquidator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.2 Where the liquidator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the liquidator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the liquidator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the liquidator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the liquidator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, and professional guidance has been provided setting out a minimum of 6 category headings under which the work done by the officeholder and his staff should be analysed. As a firm BDO LLP operates a computerised time recording system which analyses work done under the following categories:-

- Pre Appointment Matters
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims



- Reporting
- Distribution and Closure
- Other Issues

Professional guidance suggests the following categories as a basis for analysis by grade of staff, but this will be subject to whether each grade is engaged in working on the liquidation:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases

- 5 1 3 Where the fee is charged on a percentage basis the liquidator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by a liquidator or his staff

## **5 2 After fee approval**

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the liquidator should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5 1 3. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 5 1 3 above regarding work which has been sub-contracted out.

## **5 3 Expenses and disbursements**

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the liquidator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the liquidator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

## **5 4 Realisations for secured creditors**

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 8 1 below), he should disclose the amount of that remuneration to the

committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors

## **5.5 Progress reports**

In compulsory liquidations there is now a statutory requirement for the liquidator to send a progress report annually.

## **6 What if a creditor is dissatisfied?**

**6.1** Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing.

**6.2** If a creditor believes that the liquidator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not out of the assets of the insolvent company.

## **7 What if the Liquidator is dissatisfied?**

If the liquidator considers that the remuneration fixed by the committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors or in accordance with the official receiver's scale is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

## **8 Other matters relating to fees**

**8.1** Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with the scale laid down for the official receivers. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

**8.2** Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.

**8.3** If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.

**8.4** There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

## **9 Provision of information - additional requirements**

In any case where the liquidator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company. The information which must be provided is -

- the total number of hours spent on the case by the liquidator or staff assigned to the case;

- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office

DJP/RG/A3059/C11



## AC (UK) Limited & Allied Carpets Properties Limited - Both In Liquidation

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows: This in no way implies that staff at all such grades will work on the case

| GRADE                   | £       |
|-------------------------|---------|
| Partner1                | 658     |
| Partner2                | 658     |
| Partner3                | 658     |
| Director                | 319     |
| Senior Manager          | 271-295 |
| Manager                 | 202-232 |
| Assistant Manager       | 185     |
| Senior Executive        | 170     |
| Executive               | 124-139 |
| Junior Executive        | 97      |
| Cashier                 | 170     |
| Trainee                 | 62      |
| Support staff/Secretary | 62      |

The rates charged by BDO LLP, 3 Hardman Street, Manchester, M3 3AT are reviewed in December and July 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. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues.

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.



### **1) Other Costs**

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories

### **2) Category 1**

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff.

Where applicable, disbursements will be subject to VAT at the prevailing rate

### **3) Category 2**

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP, effective from 1 July 2003, is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

BDO LLP  
14 March 2012

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Liquidators' fees and expenses:**

**Rule 4.49E Creditors' and members' request for further information**

- (1) If-
- (a) within the period mentioned in paragraph (2)-
    - (i) a secured creditor, or
    - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
    - (iii) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or
  - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2)-
    - (i) any unsecured creditor, or
    - (ii) any member of the company in a members voluntary winding up,
- makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4.49B(1)(e) or (f) (including by virtue of Rule 4.49C(5)) or in a draft report under Rule 4.49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter[s] in a draft report under Rule 4.49D or a progress report required by Rule 4.108 which (in either case) was previously included in a progress report not required by Rule 4.108
- (2) The period referred to in paragraph (1)(a) and (b) is-
- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report where it is required by Rule 4.108, and
  - (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case.
- (3) The liquidator complies with this paragraph by either-
- (a) providing all of the information asked for, or
  - (b) so far as the liquidator considers that-
    - (i) the time or cost of preparation of the information would be excessive, or
    - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
    - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

**Rule 4.131 Creditors' claim that remuneration is or other expenses are excessive**

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that-
- (a) the remuneration charged by the liquidator,

- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
- (c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

- (18) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party

If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

- (4) If the court considers the application to be well-founded, it must make one or more of the following orders-

- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount;
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
- (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation

**Rule 8.1 Insolvency Act 1986**  
**Proxy (Members' or Creditors' Voluntary Liquidation)**

\*Insert the name of the  
company

**IN THE MATTER OF \* AC (UK) Limited**  
**and**  
**IN THE MATTER OF THE INSOLVENCY ACT 1986**

Notes to help completion of  
the form

Please give full name and  
address for communication

Name of creditor / member \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

Please insert name of person  
(who must be 18 or over) or  
the "Chairman of the Meeting"  
(see note below) If you wish  
to provide alternative proxy-  
holders in the circumstances  
that your first choice is unable  
to attend please state the  
name(s) of the alternatives as  
well

Name of proxy-holder \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please delete words in  
brackets if the proxy-holder is  
only to vote as directed ie he  
has no discretion

I appoint the above person to be my / the creditor's proxy-holder. The proxy-  
holder is to propose or vote, via correspondence, as instructed below (and in  
respect of any resolution for which no specific instruction is given, may vote or  
abstain at his / her discretion)



Please complete paragraph 1 if  
you wish to nominate or vote  
for a specific person as  
Liquidator

## Voting instructions for resolutions

~~1~~ for the appointment of \_\_\_\_\_  
of \_\_\_\_\_  
as Liquidator of the company

Please delete words in  
brackets if the proxy-holder is  
only to vote as directed ie he  
has no discretion

(In the event of a person named in paragraph 1 withdrawing or being  
eliminated from any vote for the appointment of a Liquidator the proxy-holder  
may vote or abstain in any further ballot at his / her discretion )

Any other resolutions which  
the proxy-holder is to propose  
or vote in favour of or against  
should be set out in numbered  
paragraphs in the space  
provided below paragraph 1

If more room is required  
please use the other side of  
this form

1 That the Liquidators' remuneration of £129,174 50 is approved on the basis  
of time properly spent in attending to matters arising in the Liquidation

\*Approved/Rejected

2 That the Liquidators' may make a final payment of £1,157 plus VAT and  
disbursements to Broadstone Pensions & Investments Limited

\*Approved/Rejected

\* Please indicate how you wish to vote

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the  
creditor /member has not  
signed in person

Position with creditor / member or relationship to creditor or other  
authority for signature  
\_\_\_\_\_

**Please note that if you nominate the chairman of the meeting to be your  
proxy-holder he will either be a director of the company or the current  
Liquidator.**

Remember there may be resolutions on the other side of this form

## PROOF OF DEBT

In The High Court of Justice  
Chancery Division  
Companies Court

No 16113 of 2009

AC (UK) Limited  
- In Creditors' Voluntary Liquidation -

Date of Liquidation 21 January 2011  
Date of Administration 17 July 2009

|    |  |                     |
|----|--|---------------------|
| 1  | Name of creditor   |                     |
| 2  | Address of creditor  |                     |
| 3  | Total claim including VAT and interest as at the date of the appointment of Administrators<br>(see notes overleaf) | £...                |
| 4  | Details of documents by which debt can be substantiated<br>(please attach copy documents)                          |                     |
| 5  | Amount of any interest included in claim   | £...                |
| 6  | Is the whole or part of the debt preferential?<br>If so, state amount, and details<br>(see notes overleaf)         | Yes / No<br>£ ..... |
| 7  | Particulars of how and when debt incurred  |                     |
| 8  | Particulars and value of any security held and the date it was given   |                     |
| 9  | Signature of creditor or other authorised person<br><br>Name in BLOCK LETTERS<br><br>Creditor's reference          |                     |
| 10 | Position or Relationship with Creditor   |                     |

**For Use of Liquidator Only**

|    |                               |                                   |
|----|-------------------------------|-----------------------------------|
| 11 | Admitted to vote for £        |                                   |
|    | Date                          |                                   |
|    | Joint Administrator           |                                   |
| 12 | Admitted preferentially for £ | Admitted non-preferentially for £ |
|    | Date                          | Date                              |
|    | Joint Liquidator              | Joint Liquidator                  |

**Guidance Notes re Preferential Debts:**

The categories of preferential debts under S 386(1) of the Insolvency Act 1986 are as follows:

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions

**VAT Bad Debt Relief**

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Customs & Excise

**Rule 8.1 Insolvency Act 1986**  
**Proxy (Members' or Creditors' Voluntary Liquidation)**

\*Insert the name of the company

**IN THE MATTER OF \* Allied Carpets Properties Limited**  
**and**  
**IN THE MATTER OF THE INSOLVENCY ACT 1986**

Notes to help completion of the form

Please give full name and address for communication

Name of creditor / member \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

Please insert name of person (who must be 18 or over) or the "Chairman of the Meeting" (see note below) If you wish to provide alternative proxy-holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of proxy-holder \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please delete words in brackets if the proxy-holder is only to vote as directed ie he has no discretion

I appoint the above person to be my / the creditor's proxy-holder. The proxy-holder is to propose or vote, via correspondence, as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his / her discretion).

Please complete paragraph 1 if  
you wish to nominate or vote  
for a specific person as  
Liquidator

## Voting instructions for resolutions

1 for the appointment of \_\_\_\_\_  
of \_\_\_\_\_  
as Liquidator of the company

Please delete words in  
brackets if the proxy-holder is  
only to vote as directed ie he  
has no discretion

(In the event of a person named in paragraph 1 withdrawing or being  
eliminated from any vote for the appointment of a Liquidator the proxy-holder  
may vote or abstain in any further ballot at his / her discretion )

Any other resolutions which  
the proxy-holder is to propose  
or vote in favour of or against  
should be set out in numbered  
paragraphs in the space  
provided below paragraph 1

If more room is required  
please use the other side of  
this form

1. That the Liquidators' remuneration of £62,509.50 is approved on the basis  
of time properly spent in attending to matters arising in the Liquidation

\* Approved/Rejected

\* Please indicate how you wish to vote.

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the  
creditor /member has not  
signed in person

Position with creditor / member or relationship to creditor or other  
authority for signature

**Please note that if you nominate the chairman of the meeting to be your  
proxy-holder he will either be a director of the company or the current  
Liquidator.**

Remember. there may be resolutions on the other side of this form

## PROOF OF DEBT

In The High Court of Justice  
Chancery Division  
Companies Court

No 16112 of 2009

Allied Carpets Properties Limited  
- In Creditors' Voluntary Liquidation -

Date of Liquidation 21 January 2011  
Date of Administration 17 July 2009

|    |  |                         |
|----|--|-------------------------|
| 1  | Name of creditor   | .....                   |
| 2  | Address of creditor  | .....<br>.....<br>..... |
| 3  | Total claim including VAT and interest as at the date of the appointment of Administrators<br>(see notes overleaf) | £.....                  |
| 4  | Details of documents by which debt can be substantiated<br>(please attach copy documents)                          | .....<br>.....          |
| 5  | Amount of any interest included in claim   | £.....                  |
| 6  | Is the whole or part of the debt preferential?<br>If so, state amount, and details<br>(see notes overleaf)         | Yes / No<br>£.....      |
| 7  | Particulars of how and when debt incurred  | .....<br>.....          |
| 8  | Particulars and value of any security held and the date it was given   | .....<br>.....          |
| 9  | Signature of creditor or other authorised person<br><br>Name in BLOCK LETTERS<br><br>Creditor's reference:         | .....<br>.....<br>..... |
| 10 | Position or Relationship with Creditor   | .....                   |

**For Use of Liquidator Only**

|    |                               |                                   |
|----|-------------------------------|-----------------------------------|
| 11 | Admitted to vote for £        |                                   |
|    | Date                          |                                   |
|    | Joint Administrator           |                                   |
| 12 | Admitted preferentially for £ | Admitted non-preferentially for £ |
|    | Date                          | Date                              |
|    | Joint Liquidator              | Joint Liquidator                  |

**Guidance Notes re Preferential Debts:**

The categories of preferential debts under S.386(1) of the Insolvency Act 1986 are as follows.

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions

**VAT Bad Debt Relief**

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered.

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Customs & Excise.