

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company LIMEBROOK LIMITED	Company number 02708493
In the High Court of Justice, London [full name of court]	Court case number 4258 of 2013

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

We (a) N A Bennett & A J Duncan of Leonard Curtis, One Great Cumberland Place,
Marble Arch, London W1H 7LW

administrators of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 27 June 2013

(b) 26 December 2013

Signed


Joint Administrator

Dated

15 January 2014

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Leonard Curtis	
One Great Cumberland Place, Marble Arch, London W1H 7LW	
Ref JAL/25	Tel 020 7535 7000
DX Number	DX Exchange

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

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LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**LIMEBROOK LIMITED
(IN ADMINISTRATION)**

Registered Number 02708493

**Joint Administrators' First Progress Report
for the period from 27 June 2013 to 26 December 2013**

15 January 2014

Leonard Curtis
One Great Cumberland Place, Marble Arch,
London W1H 7LW
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Ref L/18/JAL/SLIM03/1010

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TO: ALL CREDITORS AND THE REGISTRAR OF COMPANIES

1 STATUTORY INFORMATION

- 1 1 M C Healy and I were appointed Joint Administrators ("the Joint Administrators") of Limebrook Limited ("the Company") on 27 June 2013. We are both licensed in the UK by the Insolvency Practitioners Association. The appointment of the Joint Administrators was made by Mr Samuel Gabbay ("Mr Gabbay"), as director of the Company.
- 1 2 Mr Healy has now left. Leonard Curtis and, by Order of the High Court dated 22 November 2013, A J Duncan was appointed Joint Administrator. Mr Duncan is licensed in the UK by the Institute of Chartered Accountants in England and Wales. Under the terms of the Order, all creditors of the Company have permission to apply to Court within 28 days of the date of this report for the purposes of applying to vary or discharge the terms of the Order insofar as it affects the Company's estate.
- 1 3 The Administration proceedings are under the jurisdiction of the High Court of Justice under Court reference number 4258 of 2013.
- 1 4 In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 ("the Act"), the function of the Joint Administrators may be exercised by either or both, acting jointly or alone. The change in office-holder has been dealt with above and the initial period of the Joint Administrators' appointment has not been extended.
- 1 5 The Company was incorporated in April 1992 and traded from premises at 104 New Bond Street, London as a shoe retailer selling its own brand of shoes and a selection of relatively unknown brands with the aim of providing a choice of high quality shoes different to that found on the high street.
- 1 6 The Company's registered office was changed from BKB York House, Empire Way, Wembley, Middlesex HA9 0QL to One Great Cumberland Place, Marble Arch, London W1H 7LW following the Joint Administrators' appointment. The registered number is 02708493.
- 1 7 On 2 August 2013 a statement of the Joint Administrators' proposals was sent to all creditors of the Company. In accordance with paragraph 52 of Schedule B1 of the Act, a meeting of creditors was not called as the Joint Administrators thought that, on the basis of information available at the time, the Company would have insufficient property after costs to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Act (prescribed part). No meeting of creditors was requisitioned and the proposals were therefore deemed to have been approved on 16 August 2013. There have been no major amendments to, or deviations from, those proposals.
- 1 8 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

2 STEPS TAKEN DURING THE ADMINISTRATION AND PROGRESS TO DATE

- 2 1 This report should be read in conjunction with the Joint Administrators' previous report dated 2 August 2013.
- 2 2 Professional agents, Hilco Appraisal Europe Limited ("Hilco"), were instructed to provide a valuation of stock and chattel assets and advise on the optimum realisation and sale strategy.
- 2 3 Keystone Law Limited, solicitors, were instructed to advise on, and prepare the documentation for, the Joint Administrators' appointment, the Joint Administrators' obligations in relation to the landlord and on legal matters generally, where necessary.



2.4 Trading

- 2.4.1 As previously reported, the Joint Administrators continued to trade the business to maximise realisations from stock held by taking advantage of the Company's seasonal high period and enable the stock to be sold at a higher margin than in a forced sale
- 2.4.2 Trading also continued in order to preserve the value of the business whilst Hilco liaised with those parties who had expressed an initial interest in acquiring the assets and goodwill of the Company. As previously reported however, none of these initial expressions of interest led to an offer for the Company's business
- 2.4.3 The trading position was reviewed on a weekly basis in conjunction with Hilco and it was anticipated that trading would cease in August 2013. However, trading results exceeded expectation and the decision was made to continue trading through to September 2013. Additional stock was purchased based on recommendations from the retained employees in order to cater for the seasonal trends which they felt would achieve greater realisations than obsolete stock. In total, £26,327 of stock was purchased in the Administration
- 2.4.4 Given the position regarding the lease at the Company's trading premises, and the fact that trading sales were declining, the decision was made to cease trading on 16 September 2013. The premises were vacated on 23 September 2013 allowing time for the premises to be cleared of the remaining stock and left in a reasonable condition. Details of the remaining stock sale are noted in paragraph 2.5
- 2.4.5 Staff retained by the Joint Administrators during the trading period were made redundant on 23 September 2013
- 2.4.6 A detailed breakdown of the Joint Administrators' trading results are attached at Appendix B. During the trading period total sales of £184,045 were achieved, with a corresponding trading profit of £83,863

2.5 Stock

Upon making the decision to cease trading, Hilco were instructed to contact interested parties who might have wished to bulk buy remaining stock. Limited interest was received and the stock was sold to Basiccroft Limited, an unconnected party, on 19 September 2013 for £16,500

2.6 Leasehold Premises

- 2.6.1 The lease at 104 New Bond Street, London expired in September 2013 and, as a result of increased property costs, the Company was not in a position to renew the lease unless a new deal was negotiated with the landlord
- 2.6.2 As noted above, a business sale was not achieved during the Administration owing to the position regarding the lease and the requirement for any new tenant to pay a lease premium and agree new terms with the landlord

2.7 Secured Creditors

- 2.7.1 As previously reported, the following charges were registered as outstanding at Companies House
- 2.7.2 *Banco Bilbao Vizcaya ("BBVA")*

BBVA hold a debenture dated 17 June 1996 incorporating fixed and floating charges over the assets of the Company. At the date of our appointment, BBVA were owed £195,288 for an overdraft facility used by the Company. It is anticipated that a distribution will be made to BBVA, however it is likely that they will suffer a significant shortfall

2.7.3 *Samuel Gabbay*

Mr Gabbay holds a debenture dated 26 January 2007 incorporating fixed and floating charges over the assets of the Company. At the date of appointment, Mr Gabbay was owed £681,158. It is unlikely that a distribution will be made to Mr Gabbay.

2.8 **Preferential Creditors**

The only claims which are preferential are those of employees in respect of unpaid wages and accrued holiday pay. These are estimated at £13,582. It is anticipated that a dividend will be paid to preferential creditors.

2.9 **Investigations**

2.9.1 We have complied with our statutory obligations under the Company Directors Disqualification Act 1986 and a report has been submitted to the appropriate authority.

2.9.2 We have carried out enquiries that we considered to be proportionate to the circumstances of the case. After completing these we were of the opinion that there were no matters that might lead to recoveries for the estate and that no further investigation was appropriate.

2.10 Attached as Appendix A is a summary of our receipts and payments account for the period from 27 June 2013 to 26 December 2013. This shows what assets of the Company have been realised and for what value and what payments have been made to creditors or others.

2.11 It also shows details of expenses incurred and paid during the period of this report.

3 **ACHIEVING THE PURPOSE OF ADMINISTRATION**

3.1 As advised in our previous report dated 2 August 2013, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

(a) rescuing the Company as a going concern, or (if this cannot be achieved)

(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved)

(c) realising property in order to make a distribution to one or more secured or preferential creditors.

3.2 We are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole.

3.3 In our opinion, it was not possible to achieve the first objective without significant funds being introduced for working capital which the shareholders were unable to provide. Additionally, substantial permanent reductions, particularly in rental costs, would have needed to be negotiated, without which the business would not have been attractive to potential investors.

3.4 In our opinion, the second objective will not be achieved. Although the Administration allowed trading to continue and an increase in realisations owing to an orderly trade out of stock in a wind down period was achieved, this has not resulted in a better return for creditors as a whole, than would have been likely if the Company had been wound up.

3 5 The third objective will be achieved as we expect there to be sufficient realisations in order to enable a distribution to both the secured and preferential creditors

3 6 The Administration has been, and will continue to be, financed by monies received from asset realisations

4 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

4 1 The Joint Administrators' proposals, as approved, stated that "The Joint Administrators think that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176(A)(2)(a) of the Insolvency Act 1986 (prescribed part, if any)"

4 2 In view of this the Joint Administrators' remuneration is required to be fixed with the approval of

- (a) each secured creditor of the Company and, if we have made or intend to make a distribution to preferential creditors,
- (b) preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditors who do not respond to an invitation to give or withhold approval

4 3 In accordance with the provisions of Rule 2 106(2) of the Insolvency Rules 1986 it may be fixed as a percentage of the assets realised and distributed in the Administration, as a set amount or by reference to the time spent. In this case, the above creditors have approved the last mentioned

4 4 As advised in our previous report dated 2 August 2013, the Joint Administrators' time costs at 24 July 2013 were £20,245. Since that time further costs of £37,316 have been incurred. These total costs are summarised at Appendix C and comprise 286.2 hours at an average rate of £201.12 per hour. Costs have been incurred in the following main areas of activity

Liabilities

This includes time spent corresponding and dealing with creditors' correspondence and in particular dealing with employee claims

Trading

This includes time spent on issues relating to trading, including attendance at the Company's premises, maintaining trading records, correspondence with customers and suppliers and dealing with retained employee queries

Debenture Holder

This includes times spent corresponding and reporting to the debenture holders, BBVA and Mr Gabbay

Post Appointment Creditor Reporting

This includes time spent in the preparation of reports to creditors

4 5 Further details of our company's charge out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix D. Further information may be found in "Guide to Administrators' Fees". This is available from our office free of

charge or may be downloaded from www.leonardcurtis.co.uk/resources/creditorsguides. In accordance with the approval given, £35,000 has been paid on account of these costs to date.

- 4.5 The Joint Administrators have also received approval from those creditors mentioned in paragraph 4.2 above of the basis upon which we recharge internal disbursements that include an element of allocated costs or payments to outside parties in which we or our company have an interest. These are known as Category 2 costs and the basis of their recharge is also attached at Appendix D. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursement". Category 1 disbursements will generally comprise items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage.

- 4.6 In this case the following Category 2 costs have been incurred during the period of this report and, where shown, reimbursed to our company:

Type	Incurred £	Paid £	Unpaid £
Internal photocopying @ 10p per copy	46.80	46.80	-
General stationery, postage, telephone etc @ £100 per 100 creditors/ members or part thereof	-	-	-
Room hire @£100 per meeting	-	-	-
Storage of office files (6 years) £88.75 per box	-	-	-
Business mileage @ 45p per mile	-	-	-
Other	-	-	-
Total	46.80	46.80	-

- 4.7 We have used the following professional advisors, including subcontractors:

Name of Professional Advisor	Service Provided	Basis of Fees
Hilco Appraisal Europe Limited	Asset Valuations	Time Costs
Keystone Law Limited	Legal Advice	Time Costs
Kaushik Khiroya	Payroll Services	Time Costs

5 PRE-ADMINISTRATION COSTS

On 21 August 2013 the following amounts in respect of pre-administration costs were approved:

Charged by	Services provided	Total approved £	Amount paid £	Amount unpaid £
Leonard Curtis	Meeting with the Company and director, assessing that Administration was the appropriate route, instructing agents and preparing a trading strategy	17,413	17,413	Nil
Hilco Appraisal Europe Limited	Asset valuation and assisting with trading strategy	4,000	4,000	Nil
Keystone Law Limited	Preparing appointment documentation, advising on the Joint Administrators' obligations in relation to the landlord and any legal issues generally	2,175	2,175	Nil



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6 CREDITORS' RIGHTS

- 6 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report
- 6 2 Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider 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 Administration or might reasonably be expected to lead to violence against any person, or
 - iii) we are subject to an obligation of confidentiality in respect of the information

We must also give reasons for not providing all of the information

- 6 3 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration charged or the expenses incurred by the Joint Administrators as set out in this progress report are excessive

7 EXTENSION OF ADMINISTRATION

- 7 1 The appointment of the Joint Administrators ceases to have effect at the end of the period of one year beginning with the date on which it takes effect
- 7 2 However, it is possible to extend the period of the Joint Administrators' term of office for a specified period not exceeding six months. If this is deemed appropriate, the Joint Administrators may seek consent of the following to such an extension
- (a) each secured creditor of the Company and, if we think that a distribution may be made to preferential creditors,
 - (b) preferential creditors whose debts amount to more than 50% of the Company's preferential debts, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent for such extension

- 7 3 In this case we have not sought an extension

8 FURTHER ASSETS TO BE REALISED

There are no further assets remaining to be realised

9 OTHER RELEVANT INFORMATION

- 9 1 The automatic deadline for the Administration to end is 26 June 2014

- 9 2 Based on current information, it is anticipated that there will be a distribution to BBVA as a secured creditor and preferential creditors. It is not anticipated however that there will be funds available to enable a distribution to be made to unsecured creditors.
- 9 3 In the event that there are insufficient monies available to declare a dividend to ordinary unsecured creditors of the Company, which we expect to be the case, we will give notice to Registrar of Companies to move the Company directly from Administration to dissolution.
- 9 4 In the unlikely event that funds do become available to declare a dividend to ordinary unsecured creditors of the Company, we will give notice to the Registrar of Companies to move the Company from Administration into CVL. Following this notice the appointment of the Joint Administrators will cease to have effect and the appointment of a Liquidator will be effective. In accordance with the Joint Administrators' proposals approved by creditors, M C Healy and I will become Joint Liquidators. A J Duncan will now replace Mr Healy as Joint Liquidator, however this is not considered to be a significant amendment to the proposals.

Creditors requiring further information should contact our office, in writing. Electronic communications should also contain a full postal address.

for and on behalf of
LIMEBROOK LIMITED



N A BENNETT
Joint Administrator

Licensed in the UK by the Insolvency Practitioners Association

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

**Summary of Joint Administrators' Receipts and Payments
from 27 June 2013 to 26 December 2013**

	Statement of Affairs	Fixed	Floating	Total
	£	£	£	£
RECEIPTS				
Stocks	245,613	-	16,500 00	16,500 00
Cash in Hand	3,600	-	3,600 00	3,600 00
	<hr/>		<hr/>	<hr/>
	249,213	-	20,100 00	20,100 00
	<hr/>			
Surplus from Trading Account		-	83,863 21	83,863 21
Deposit Interest Gross		-	30 62	30 62
			<hr/>	<hr/>
		-	103,993 83	103,993 83
PAYMENTS				
Agents' Fees and Expenses		-	2,000 00	2,000 00
Solicitors' Fees and Expenses		-	6,622 00	6,622 00
Other Professional Fees		-	752 50	752 50
Insurance		-	1,004 27	1,004 27
Statutory Advertising		-	84 60	84 60
Bordereau Fee		-	260 00	260 00
IT Licence Fee		-	75 00	75 00
Storage Costs		-	261 42	261 42
Sundry Disbursements		-	608 99	608 99
Pre-Appointment Costs		-	23,588 00	23,588 00
Joint Administrators' Remuneration - on account		-	35,000 00	35,000 00
			<hr/>	<hr/>
		-	70,256 78	70,256 78
			<hr/>	<hr/>
Balances in Hand		-	33,737 05	33,737 05
			<hr/>	<hr/>

**Summary of Joint Administrators' Trading Account
from 27 June 2013 to 26 December 2013**

	Actual to Date	Future	Estimated Final	Notes
	£	£	£	
REVENUE				
Sales	184,045 51	-	184,045 51	1
	<u>184,045 51</u>	<u>-</u>	<u>184,045 51</u>	
EXPENSES				
Direct Expenses				
Stock Purchases	26,327 38	-	26,327 38	
	<u>26,327 38</u>	<u>-</u>	<u>26,327 38</u>	
Overheads				
Merchant Services Charge	3,163 99	-	3,163 99	
Telephones	606 90	-	606 90	
Wages	31,258 89	-	31,258 89	
NI/PAYE	8,985 16	-	8,985 16	
Pension Contribution	627 00	-	627 00	
Business Rates	25,131 73	-	25,131 73	
Utilities	311 92	-	311 92	
Other Expenses	3,769 33	-	3,769 33	
	<u>73,854 92</u>	<u>-</u>	<u>73,854 92</u>	
Total Expenses	<u>100,182 30</u>	<u>-</u>	<u>100,182 30</u>	
Surplus on Ordinary Activities	<u>83,863 21</u>	<u>-</u>	<u>83,863 21</u>	2

Notes

- 1 Trading Sales are stated net of VAT
 2 No allowance has been made for the Joint Administrators' fees

Limebrook Limited
(In Administration)

Summary of Joint Administrators' Time Costs from 27 June 2013 to 26 December 2013

	Director		Senior Manager		Manager 2		Administrator 1		Administrator 2		Administrator 3		Administrator 4		Total		Average
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £
Statutory & Review	5	212 50	21	808 50	15	427 50	-	-	-	-	8	152 00	76	1,026 00	125	2,626 50	210 12
Receipts & Payments	-	-	6	231 00	3	85 50	2	46 00	-	-	30	570 00	125	1,687 50	166	2,620 00	157 83
Insurance	-	-	-	-	3	85 50	-	-	-	-	-	-	58	783 00	61	868 50	142 38
Assets	17	722 50	3	115 50	10	285 00	-	-	-	-	13	247 00	88	1,188 00	131	2,558 00	195 27
Liabilities	-	-	-	-	56	1,596 00	11	253 00	-	-	15	285 00	180	2,430 00	262	4,564 00	174 20
Landlords	10	425 00	9	346 50	9	256 50	-	-	-	-	-	-	16	216 00	44	1,244 00	282 73
Trading	145	6,162 50	7	269 50	279	7,951 50	-	-	-	-	28	532 00	1,015	13,702 50	1,474	28,618 00	194 15
Debenture Holder	51	2,167 50	-	-	20	570 00	-	-	-	-	-	-	23	310 50	94	3,048 00	324 26
General Administration	54	2,295 00	-	-	14	399 00	-	-	22	462 00	9	171 00	33	445 50	132	3,772 50	285 80
Appointment	5	212 50	-	-	8	228 00	-	-	-	-	-	-	25	337 50	38	778 00	204 74
Post Appointment Creditor Reporting	15	637 50	6	231 00	40	1,140 00	-	-	-	-	36	684 00	166	2,241 00	263	4,933 50	187 59
Investigations	32	1,360 00	-	-	2	57 00	-	-	-	-	-	-	38	513 00	72	1,930 00	268 06
Total	334	14,195 00	52	2,002 00	459	13,081 50	13	299 00	22	462 00	139	2,641 00	1,843	24,880 50	2,862	57,551 00	
Average Hourly Rate (£)		425 00		385 00		285 00		230 00		210 00		190 00		135 00		201 12	

All Units are 6 minutes

APPENDIX D

ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS REGARDING FEES AND DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

Staff Allocation and Support Staff

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured and/or preferential creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the office holders reserve the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

	Standard £	Complex £
Director	425	531
Senior Manager	385	481
Manager 1	330	413
Manager 2	285	356
Administrator 1	230	287
Administrator 2	210	262
Administrator 3	190	237
Administrator 4	135	168

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

- Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.
- Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£88.75 per box
Room hire	£100
Business mileage	45p per mile