

LIQ03

Notice of progress report in voluntary winding up



Companies House

MONDAY



A94CML7M

A20

04/05/2020

#269

COMPANIES HOUSE

1 Company details

Company number 03084282

Company name in full Acid Yellow Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Michael

Surname Durkan

3 Liquidator's address

Building name/number Suite G2, Montpellier House

Street Montpellier Drive

Post town Cheltenham

County/Region

Postcode GL501TY

Country

4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator

Use this section to tell us about
another liquidator

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator

Use this section to tell us about
another liquidator

LIQ03

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6 Period of progress report

From date	^d 0	^d 9	^m 0	^m 4	^y 2	^y 0	^y 1	^y 9
To date	^d 0	^d 8	^m 0	^m 4	^y 2	^y 0	^y 2	^y 0

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X  X

Signature date

^d 0	^d 4	^m 0	^m 5	^y 2	^y 0	^y 2	^y 0
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LIQ03

Notice of progress report in voluntary winding up



Presenter information

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

Contact name **Karolina Kocon**

Company name **Durkan Cahill**

Address **Suite G2**

Montpellier House

Post town **Montpellier Drive**

County/Region **Cheltenham**

Postcode

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Country

DX

Telephone **01242 250 811**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Acid Yellow Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £		From 09/04/2019 To 08/04/2020 £	From 09/04/2018 To 08/04/2020 £
	ASSET REALISATIONS		
	Bank Interest Net of Tax	0.50	0.98
25.51	Cash at Bank	NIL	6.26
Uncertain	Director's Loan Account	4,000.00	5,500.00
100.00	Laptop	NIL	100.00
		4,000.50	5,607.24
	COST OF REALISATIONS		
	Liquidator's Expenses	511.25	571.25
	Petitioner's Costs	875.00	875.00
	Pre-appointment Expenses	150.85	150.85
		(1,537.10)	(1,597.10)
	UNSECURED CREDITORS		
(175,451.81)	HM Revenue & Customs	NIL	NIL
(1,867.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(177,293.30)		2,463.40	4,010.14
	REPRESENTED BY		
	Bank 1 Current		3,949.72
	Vat Receivable		60.42
			4,010.14


 Michael Durkan
 Liquidator

Acid Yellow Limited in Creditors' Voluntary Liquidation

2nd Annual Progress Report

4 May 2020

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4. Investigations
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9. Conclusion

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1. Liquidator's receipts and payments account
2. Analysis of Time Costs & Practice Fee Recovery Policy

Liquidator's Name and Address:
Michael Durkan
Durkan Cahill, Suite G2 Montpellier House
Montpellier Drive
Cheltenham
GL50 1TY

Telephone: 01242 250811
Fax: 01242 227191
Web: www.durkancahill.com
Email: mpd@durkancahill.com

1. INTRODUCTION

- 1.1 I write further to the creditors' meeting held on 9 April 2018.
- 1.2 The purpose of this report is to detail my acts and dealings together with the conduct of the liquidation since that meeting and should be read in conjunction with my previous progress report.

2. BACKGROUND

- 2.1 The members' and creditors' meetings were held on 9 April 2018 when I was appointed liquidator of the company.
- 2.2 The company's registered office is Suite G2 Montpellier House, Montpellier Drive, Cheltenham, GL50 1TY. The company registration number is 03084282.
- 2.3 The company's former registered office was previously at Coates Cottage, Ballingers Row, Chedworth, Cheltenham, Gloucestershire, GL54 4AQ. The company's trading address was situated at Cirencester Office Park, Unit 9 Tetbury Road, Cirencester, Gloucestershire, GL7 6JJ.
- 2.4 The company's principal activity was to supply IT consultancy and bespoke software development to corporate clients.
- 2.5 According to the director, the company's financial problems began in 2015 when a US company alongside which the company was working, ceased trading. This had an impact on the company's finances as well as the services the company could provide.
- 2.6 The problems worsened in 2017 as a result of market contraction. The director hoped that two significant contracts worth approximately \$125,000 each would be won, however in November 2017 it transpired that these would not materialise. In the following months it became apparent that the company would not be able to continue trading and meet its liabilities. HM Revenue & Customs issued a Winding Up Petition on 12 February 2018, and after seeking advice the director decided to cease trading and liquidate the company voluntarily.

3. ASSET REALISATIONS

Laptop

Requirement of Statement of Insolvency Practice (SIP) 13 – Disposal of Assets to Connected Parties in an Insolvency Process

- 3.1 In accordance with SIP 13, I am obliged to provide creditors with a proportionate and sufficiently detailed justification of why a sale to a connected party was undertaken, including the alternatives considered. This disclosure must be made in the next report to creditors following the sale. The information was therefore provided in my first annual progress report to creditors, but is repeated below for ease of reference.
- 3.2 On 19 April 2018, I sold the company's laptop to James Whistler, the company's sole shareholder and director.
- 3.3 The laptop was valued by the director at £100.00 by reference to similar second hand items available online. Based on the book value figure in the company's previous filed accounts, I determined that the asset held little to no value and therefore no formal valuation was sought as the costs would have been prohibitive.

- 3.4 The asset was sold for £100.00 plus VAT in line with the director's estimated value and the full amount was received on 24 April 2018.

Cash at bank

- 3.5 As previously reported, as per the Statement of Affairs the balance held in the company's bank account was £25.51 as at 3 April 2018. Following my appointment I duly wrote to Lloyds Bank requesting remittance and the sum of £6.26 was received on 9 May 2018. The balance was less than expected as the bank had deducted final charges before remitting the funds. No further funds are due to be realised in this respect.

Director's Loan Account ('DLA')

- 3.6 I have continued in my efforts to realise this asset during the 12 month period covered by this report. In order to give context, I have repeated details of the work done in previous periods below, and full details of the work done in the last 12 months are provided from paragraph 3.11.
- 3.7 According to the Statement of Affairs, the sum of £77,343.00 was listed as being due from the director as at 31 August 2016, this being the date up to which the last set of accounts were prepared and submitted by the company. The director did not provide a more up to date figure prior to my appointment.
- 3.8 Following my appointment I therefore reviewed the company's records to establish the final position on the DLA. This included carrying out a full analysis of the company's bank *statements and transactions that occurred since 1 September 2016 and making further enquiries as necessary*. Based on this review I concluded that the amount due to the company is actually £269,982.85.
- 3.9 In September 2018 I wrote to the director providing my calculations of the outstanding amount and requesting his proposals for repayment. The director responded to advise that he did not believe all of the amounts included in the calculations were for his personal benefit and that the DLA balance was closer to £167,500.00.
- 3.10 The director advised that he would require some time to review all of the transactions and in the meantime he proposed to pay £500.00 per month towards clearing his liability with the company. At the time of my previous report the sum of £1,500.00 had been received and the monthly payments were up to date.
- 3.11 In the 12 month period covered by this report a further £4,000.00 has been received from the director, bringing the total received to date to £5,500.00.
- 3.12 Whilst the director was making monthly payments towards the liability in the interim, efforts to come to an agreement with him to settle the DLA were continued. The director completed a statement of means, which indicates he has sufficient means to repay a large proportion of the loan, albeit no evidence to support the figures provided in his statement was provided.
- 3.13 At that time, the director made an offer to repay his DLA at a rate of £2,000.00 per month. This offer was rejected as it would take over a decade for the director to repay the funds due to the company in full. He was invited to make a lump sum offer instead, and on 28 June 2019 the director made a full and final settlement offer of £55,000.00, payable within 8 weeks of acceptance.
- 3.14 Since no supporting evidence of the director's means had been provided I was unable to consider merits of this offer. The director was advised that a formal valuation of his property would need to be carried out, however one was not provided despite a number of emails and letters being issued.

- 3.15 In December 2019 I received a letter from Francis Wilks & Jones solicitors ('FWJ') advising they were assisting the director in respect of his DLA. From initial correspondence received from FWJ it would appear that the director's liability under the DLA may now be subject to dispute. It has therefore now been deemed necessary to instruct solicitors, Thursfields Legal Limited ('Thursfields') to assist with recovery of funds from the director.
- 3.16 This matter is ongoing and I will provide a further update in my next report to creditors.

Miscellaneous Receipts

- 3.17 The balance of funds was previously held in an interest bearing estate bank account. In May 2019 Durkan Cahill moved its banking facilities and currently the funds are held in a non-interest bearing estate bank account. Bank interest of £0.50 (net of tax) has been received in the 12 month period to 8 April 2020 on funds held in the liquidation account. As the funds held currently amount to less than £10,000.00 I made the decision not open a separate interest bearing account, as the costs of processing monthly interest payments would outweigh the interest generated.
- 3.18 My Receipts & Payments Account is attached at Appendix 1.

4. INVESTIGATIONS

- 4.1 No investigation work has been undertaken in the 12 month period to 8 April 2020 and as previously reported my investigations are complete. A summary of the work done in the previous period is repeated below for reference.
- 4.2 In accordance with Statement of Insolvency Practice 2 I have undertaken an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.
- 4.3 Tasks undertaken in respect of my initial investigations included:
- Recovering, listing and reviewing the Company's accounting records
 - Obtaining and reviewing copy bank statements for the six months prior to the Company ceasing to trade to identify any antecedent transactions
 - Comparing the information in the Company's last set of accounts with that contained in the statement of affairs, and making enquiries about the reasons for any changes.
 - Receiving enquiries from and dealing with matters brought to my attention by creditors or other third parties
 - Making enquiries of and obtaining information from officers of the company
 - Examining the validity of security granted by the company
- 4.4 No matters of concern have been raised by any creditors in this case.
- 4.5 Other than verifying the balance of the DLA as detailed in section 3 of this report, I have concluded that there are no matters that justify further investigation in the circumstances of this appointment.
- 4.6 Within three months of my appointment as Liquidator I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work that may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I confirm that my report was submitted on 4 July 2018.

5. CREDITORS' CLAIMS

Secured Creditors

- 5.1 Lloyds TSB Commercial Finance Limited ('LTSBCF') hold a debenture created on 2 September 2008 and registered on 3 September 2008. At the time of my appointment it was understood that no funds were due to LTSBCF as the company had not used their services for a number of years.
- 5.2 As anticipated, no claim has been received from LTSBCF in the liquidation.

Preferential Creditors

- 5.3 There are no preferential creditors in this matter.

Non-preferential Creditors

- 5.4 Unsecured creditors, as per the statement of affairs totalled £177,318.81.
- 5.5 A total of three creditors have submitted claims to date with an aggregate value of £185,006.69. One creditor whose claim has an estimated value of £1,667.00 has yet to submit a proof of debt.
- 5.6 No work has been undertaken in respect of agreeing creditors' claims to date as the prospects of a dividend are uncertain.

6. DIVIDEND PROSPECTS

- 6.1 As previously advised, the Company gave a floating charge to LTSBCF on 2 September 2008 and the prescribed part provisions will apply. However, since no funds are due to LTSBCF I will not have to pay them any money under their floating charge and as such the prescribed part provisions will not apply.
- 6.2 I currently hold insufficient funds to discharge the costs of the liquidation. The prospect of a dividend becoming payable to unsecured creditors in due course is dependent on the recovery of the DLA and the level of costs and expenses that are incurred in achieving further realisations.

7. COSTS AND EXPENSES

- 7.1 Details of payments are shown on the receipts and payments account at Appendix 1.
- 7.2 A schedule of my firm's Practice Fee Recovery Policy and list of typical charge out rates for each level of staff employed in the administration of this matter is attached at Appendix 2.
- 7.3 Creditors will note two types of expenses (disbursements) are referred to. Category 1 disbursements are directly referable to an invoice from a third party and do not require prior approval from creditors. Category 2 disbursements are incurred by Durkan Cahill and recharged to the estate; they are not attributed to the estate by a third party invoice, and they may include a profit element. These therefore require approval before they are paid from the estate.

Pre-appointment costs and expenses

- 7.4 The agreed fee payable to Durkan Cahill in the sum of £5,000.00 plus VAT for preparing the Statement of Affairs and for arranging the decision procedure for creditors to appoint a liquidator is yet to be paid as insufficient realisations have been made to date

- 7.5 My approved pre-appointment expenses included the following, which have been paid in full:

	Incurred, £	Paid, £	Not paid, £
Category 1			
Postage & Copying (3 rd Party)	9.60	9.60	0.00
Statutory Advertising	71.25	71.25	0.00
Category 2			
Room Hire	<u>70.00</u>	<u>70.00</u>	<u>0.00</u>
	<u>150.85</u>	<u>150.85</u>	<u>0.00</u>

Post-appointment costs and expenses

- 7.6 Following my appointment, creditors were invited to form a committee however there were insufficient nominations and none was formed.
- 7.7 On 3 May 2018 I sought a decision by correspondence from creditors to approve the basis of my remuneration on a combination of a fixed fee and a percentage of asset realisations basis, as well as authorisation for me to re-charge category 2 disbursements. No votes were received from any creditors and as such the basis of my remuneration were not fixed at that time. I therefore sought a decision from creditors once again to fix the basis of my remuneration at the time of my previous annual progress report.
- 7.8 My remuneration was authorised by the creditors on 25 June 2019 via a decision by correspondence on a time costs basis. I was also authorised to re-charge category 2 disbursements.
- 7.9 This approval was based on my fees estimate of £21,259.00. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors. My total time costs to 8 April 2020 amount to £20,639.00, representing 97.20 hours work at an average charge out rate of £212.34 per hour. Of this sum £6,656.00, representing 28.60 hours work was charged in the period since 9 April 2019, at an average charge out rate of £232.73 per hour. The actual average charge out rate incurred compares with the estimated average charge out rate of £213.66 in my fees estimate.
- 7.10 It is anticipated that my time costs will exceed the current cap of £21,259.00. This is because more time than was initially anticipated has been spent negotiating with the director over the repayment of his DLA. It was not known at the time of my original fees estimate that it was his intention to instruct solicitors, and this has necessitated further time being spent liaising with them and in seeking our own professional assistance. As the matter is yet to be concluded further time costs will be incurred in respect of the realisation of assets. Additional time will also be spent on administration matters as a further annual report has had to be prepared and issued, and it is not currently known when the administration of the case will be completed. Once the DLA recovery is concluded, the final level of realisations has been established and the actual level of work undertaken to achieve this has been determined, it is my intention to seek an increase in the time costs cap at that stage.
- 7.11 I have not been able to draw any remuneration in respect of work done to date for which my fees were approved on a time cost basis.
- 7.12 A detailed schedule of my time costs incurred to date and since 9 April 2019 compared with my original fees estimate is attached as Appendix 2.

- 7.13 Total expenses incurred in the period to 8 April 2020 amount to £571.25, of which £366.00 was incurred in the 12 month period to 8 April 2020. Expenses of £571.25 have been paid to date, of which £511.25 was paid in the 12 month period to 8 April 2020. Details of the expenses incurred and recovered from the funds held are as follows;

	Estimated, £	Incurred, £	Paid, £	Not yet paid, £
Category 1				
Land Registry Search Fee	0.00	6.00	6.00	0.00
Postage & Copying (3 rd Party)	2.75	2.75	2.75	0.00
Specific Penalty Bond	60.00	420.00	420.00	0.00
Statutory Advertising	142.50	142.50	142.50	0.00
Category 2				
Records Storage	7.00	0.00	0.00	0.00
	<u>212.25</u>	<u>571.25</u>	<u>571.25</u>	<u>0.00</u>

- 7.14 Included in this table are the expenses that I estimated would arise in addition to that which had been incurred at the time of my first report to creditors. Creditors will note that the expenses I have incurred in this matter have exceeded the total expenses that I estimated I would incur when my remuneration was first authorised by creditors. This is because asset realisations are now expected to exceed £10,000, and therefore an additional premium has been incurred in respect of the specific penalty bond. Furthermore if a dividend is paid there will be an additional statutory advertising cost in respect of the notice of intended dividend.

- 7.15 I have used the following agents or professional advisors:

Professional Advisor	Nature of Work	Fee basis	Estimated, £	Incurred, £	Paid, £
Thursfields	Solicitors	Time costs	0.00	2,264.50	0.00

- 7.16 No estimate was given in respect of professional costs when my remuneration was authorised by creditors as it was not known at the time that their assistance would be required. However, at the time of appointment Thursfields estimated that their fee would be £2,500 plus VAT and disbursements. As the matter of recovering funds due from the director in respect of his DLA is ongoing, further costs will be incurred by Thursfields above the cost detailed above, which only cover the period to 8 April 2020. As such, it is anticipated that their fee will exceed their original estimate. Once this matter is concluded I will review their costs and agree a fee.
- 7.17 The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them.

8. FURTHER INFORMATION

- 8.1 An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.
- 8.2 An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

- 8.3 Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' published by the R3, together with an explanatory note which shows Durkan Cahill's fee policy are available at the link <http://durkancahill.com/helpful-information-faqs/>. Please note that there are different versions of the Guidance Notes, and in this case you should refer to the April 2017 version. A hard copy of both documents can be obtained on request from this office.
- 8.4 To comply with the Provision of Services Regulations, some general information about Durkan Cahill, including about our complaints policy and Professional Indemnity Insurance, can be accessed at <http://durkancahill.com/helpful-information-faqs/>.
- 8.5 At Durkan Cahill we always strive to provide a professional and efficient service, however we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. If you should have cause to complain about the way that we are acting, you should, in the first instance, put details of your complaint in writing to Michael Durkan. This will formally invoke our complaints procedure and we will endeavour to deal with your complaint expediently.
- 8.6 Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner; or you can email insolvency.enquiryline@insolvency.gov.uk; or you may phone 0300 678 0015 - calls are charged at up to 12p per minute from a land line, or for mobiles, between 3p and 45p per minute if you're calling from the UK.
- 8.7 Durkan Cahill uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation. You can find more information on how Durkan Cahill uses your personal information on our website at <http://durkancahill.com/privacy-policy/>.

9. CONCLUSION

- 9.1 I shall be continuing my administration of the liquidation in order to recover the funds due in respect of the DLA, to seek a fee increase approval from creditors if appropriate, and if sufficient funds are available, to agree the claims of creditors and pay a first and final dividend.
- 9.2 Progress reports will continue to be issued annually until such time as the above matters are concluded, and once resolved the Liquidation will be finalised and our files will be closed.
- 9.3 If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available online, they should contact Karolina Kocón on 01242 250811 or by email at Karolina@durkancahill.com.



Michael Durkan
Liquidator

APPENDIX 1

Liquidator's receipts and payments account

**Acid Yellow Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments**

Statement of Affairs £		From 09/04/2019 To 08/04/2020 £	From 09/04/2018 To 08/04/2020 £
	ASSET REALISATIONS		
	Bank Interest Net of Tax	0.50	0.98
25.51	Cash at Bank	NIL	6.26
Uncertain	Director's Loan Account	4,000.00	5,500.00
100.00	Laptop	NIL	100.00
		4,000.50	5,607.24
	COST OF REALISATIONS		
	Liquidator's Expenses	511.25	571.25
	Petitioner's Costs	875.00	875.00
	Pre-appointment Expenses	150.85	150.85
		(1,537.10)	(1,597.10)
	UNSECURED CREDITORS		
(175,451.81)	HM Revenue & Customs	NIL	NIL
(1,867.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(177,293.30)		2,463.40	4,010.14
	REPRESENTED BY		
	Bank 1 Current		3,949.72
	Vat Receivable		60.42
			4,010.14



Michael Durkan
Liquidator

Acid Yellow Limited in Creditors' Voluntary Liquidation
2nd Annual Progress Report
4 May 2020

APPENDIX 2

**Analysis of Time Costs &
Practice Fee Recovery Policy**

Time Entry - SIP9 Time & Cost Summary

ACIDY01 - Acid Yellow Limited
All Post Appointment Project Codes
From 09/04/2019 To 08/04/2020

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	5.50	7.70	0.00	1.60	14.80	3,548.00	239.73
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Chargeable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	1.60	12.30	0.00	0.00	13.80	3,108.00	225.22
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	7.60	20.00	0.00	1.60	28.60	6,596.00	232.73
Total Fees Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

ACIDY01 - Acid Yellow Limited
All Post Appointment Project Codes
From: 09/04/2018 To: 08/04/2020

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	9.00	20.80	0.00	11.00	40.80	8,806.00	215.83
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	4.50	0.00	0.00	4.50	933.00	207.33
Investigations	1.80	20.70	0.00	7.60	30.10	6,088.00	202.26
Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Chargeable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	1.80	20.00	0.00	0.00	21.80	4,812.00	220.73
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	12.60	66.00	0.00	18.60	97.20	20,638.00	212.34
Total Fees Claimed						0.00	

FEES ESTIMATE SUMMARY			
Acid Yellow Limited in Liquidation			
The hourly charge out rates that will be used on this case are:	£		
Partner – appointment taker	350 00		
Senior Manager	300 00		
Manager	210 00		
Case Administrator	180 00		
Support staff	150 00		
ADMINISTRATION			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
staff to undertake the work on the case	0 10	35 00	
Setting up the case on the practice's electronic case management system and entering data	3 70	558 00	
including gazetting the office holder's appointment	4 30	870 00	
Obtaining a specific penalty bond	0 20	42 00	
Seeking decisions from creditors and members, attendance at meetings, recording outcome	1 90	399 00	
Dealing with all routine correspondence and emails relating to the case	5 80	908 00	
Opening, maintaining and managing the office holder's estate bank account	0 50	90 00	
Undertaking regular bank reconciliations of the bank account containing estate funds	3 00	558 00	
Reviewing the adequacy of the specific penalty bond on a quarterly basis	0 60	126 00	
Undertaking periodic reviews of the progress of the case	4 40	1,134 00	
Overseeing and controlling the work done on the case by case administrators	4 00	1,250 00	
Preparing, reviewing and issuing annual progress reports to creditors and members	7 80	2,074 00	
Filing returns at Companies House	0 40	102 00	
Preparing and filing VAT returns	1 80	377 00	
Preparing and filing Corporation Tax returns	0 70	147 00	
Seeking closure clearance from HMRC and other relevant parties	0 40	84 00	
Preparing, reviewing and issuing final account to creditors and members	2 40	504 00	
Filing final returns at Companies House	0 20	42 00	
Total:	42 20	£9,298 00	£220 33
The blended rate in respect of this category is higher than the average blended rate for the case as a whole, since the senior manager has been more heavily involved in reporting matters in this case			
INVESTIGATIONS			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Recovering & listing the books and records recovered	0 90	189 00	
Recovering & listing the books and records recovered	0 90	189 00	
Disqualification Act (delete if not applicable)	4 40	1,055 00	
obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc and comparing previous financial information	13 70	2,975 00	
office holder may take against a third party in order to recover funds for the benefit of creditors, in particular, calculating balance on overdrawn Director's Loan Account	10 20	1,713 00	
Making enquiries of and obtaining information from officers of the company	1 50	356 00	
Examining validity of security granted by company	0 20	42 00	
Total:	31 80	£6,519 00	£205 00
whole, as the majority of time spent in this category has been in uploading bank statements and converting them to a format that enables easy analysis, and this task is undertaken by support staff			
REALISATION OF ASSETS			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Negotiating and completing sale of tangible assets	0 30	63 00	
Liaising with bank regarding closure of account and remittance of credit balance	0 60	126 00	
recording with payments received	16 70	3,638 00	
Total:	17 60	£3,827 00	£217 44
whole, as the appointment taker is more involved in negotiations with the director regarding the recovery of the Director's Loan Account			

CREDITORS			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Dealing with closure of NEST pension scheme	2 40	492 00	
Dealing with creditor correspondence, emails and telephone conversations regarding their claims	0 50	105 00	
Maintaining up to date creditor information on the case management system	0 60	90 00	
Issuing a notice of intended dividend and placing an appropriate gazette notice	0 60	114 00	
the payment of a dividend	1 00	210 00	
on their claims	0 60	126 00	
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend	1 60	352 00	
Dealing with petitioning creditor, payment of costs etc	0 60	126 00	
Total:	7 90	£1,615 00	£204 43
whole, because the majority of work undertaken in the review and agreement of creditor claims, as well as the preparation of dividend documentation will be carried out by the case manager			
GRAND TOTAL FOR ALL CATEGORIES OF WORK	99 50	£21,259 00	£213 66

PRACTICE FEE RECOVERY POLICY FOR DURKAN CAHILL

Introduction

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

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

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

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 1 April 2017	Previous charge-out rate per hour, effective from 1 April 2008
Partner – Insolvency Practitioner	£300-350	£300
Senior Manager	£270	£240
Manager	£210	£180
Supervisor/Senior Administrator	£180	£150
Case Administrator	£150	£120
Cashier	£180	£180
Support Staff	£80	£60

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.)

These charge-out rates charged are reviewed on 1 April each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

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

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change

in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' Voluntary Liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to Members' Voluntary Liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Agent's Costs

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and

creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Durkan Cahill; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external copying and posting agencies, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered:

Room Hire	£70
Mileage	45p per mile
Storage	£7 per box per annum
Photocopying	18p per sheet
Bank Account Service Fee	£20 per annum