

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192 of the Insolvency Act 1986

To the Registrar of Companies

Company Number

3518762

Name of Company

Abacus Healthcare Services Limited

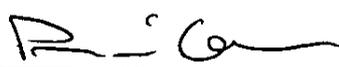
I/ We

Paul Michael McConnell
Marmion House
3 Copenhagen Street
Worcester
WR1 2HB

Gilbert John Lemon
Portwall Place
Portwall Lane
Bristol
BS1 6NA

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

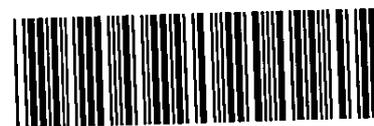
The Progress Report covers the period from 21/12/2012 to 20/12/2013

Signed  Date 11/2/14

Smith & Williamson LLP
Marmion House
3 Copenhagen Street
Worcester
WR1 2HB

Ref AB184/CA3/NME

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**Abacus Healthcare Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs		From 21/12/2012 To 20/12/2013
	GENERAL FIXED CHARGE	
Uncertain	Goodwill	10,000 00
NIL	Intellectual Property	NIL
135,923 00	Book Debts	151,877 70
(63,009 00)	Close Invoice Finance Limited	NIL
		161,877 70
	ASSET REALISATIONS	
NIL	Short Leasehold	NIL
6,400 00	Plant & Machinery	6,400 00
3,000 00	Fixtures & Fittings	3,000 00
5,600 00	Motor Vehicles	NIL
11,500 00	Stock	8,000 00
2,000 00	Computer Equipment	2,000 00
NIL	Development Costs	NIL
	Insurance Refund	12 75
1,111 00	Cash at Bank	10,252 76
Uncertain	Customer Contracts/WIP	NIL
	Bank Interest Net of Tax	29 09
		29,694 60
	POSSIBLE 3RD PARTY FUNDS	
	Suspense Account	180 00
		180 00
	COST OF REALISATIONS	
	Specific Bond	320 00
	S&W Prep of S of A Fees	5,500 00
	Liquidator's Fees	33,277 00
	Statutory Demand Fee	150 00
	Agents/Valuers Fees (1)	3,240 00
	Legal Fees (1)	2,636 00
	Legal Expenses	1 00
	Agents Fees - Collect Books & Record	1,330 00
	Travel & Subsistence	18 00
	Company Search	54 58
	Postage & Redirection	187 81
	Statutory Advertising	254 00
	Stationery & Photocopying	265 80
	Agents Fees for Info re Debtors	700 00
	Agents Fees re Debtors	4,647 97
	Company Searches	24 58
		(52,606 74)
	PREFERENTIAL CREDITORS	
(11,039 00)	Employees	NIL
		NIL
	UNSECURED CREDITORS	
(153,908 00)	Trade & Expense Creditors	NIL
(86,105 00)	Employees	NIL
(8,000 00)	HMRC - PAYE/NI	NIL
(5,141 00)	HMRC - VAT	NIL

**Abacus Healthcare Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs		From 21/12/2012 To 20/12/2013
(10,000 00)	Private Loan	NIL
(99,000 00)	Shareholder "buy-back"	NIL
		<u>NIL</u>
	SHAREHOLDERS	
(2 00)	Ordinary Shareholders '1'	NIL
(956 00)	Ordinary Shareholders '2'	NIL
(1 00)	Ordinary Shareholders '3'	NIL
		<u>NIL</u>
<u>(271,627 00)</u>		<u><u>139,145 56</u></u>
	REPRESENTED BY	
	VAT Receivable	5,882 80
	Clients Premium A/c (Int Bearing)	133,262 76
		<u><u>139,145.56</u></u>

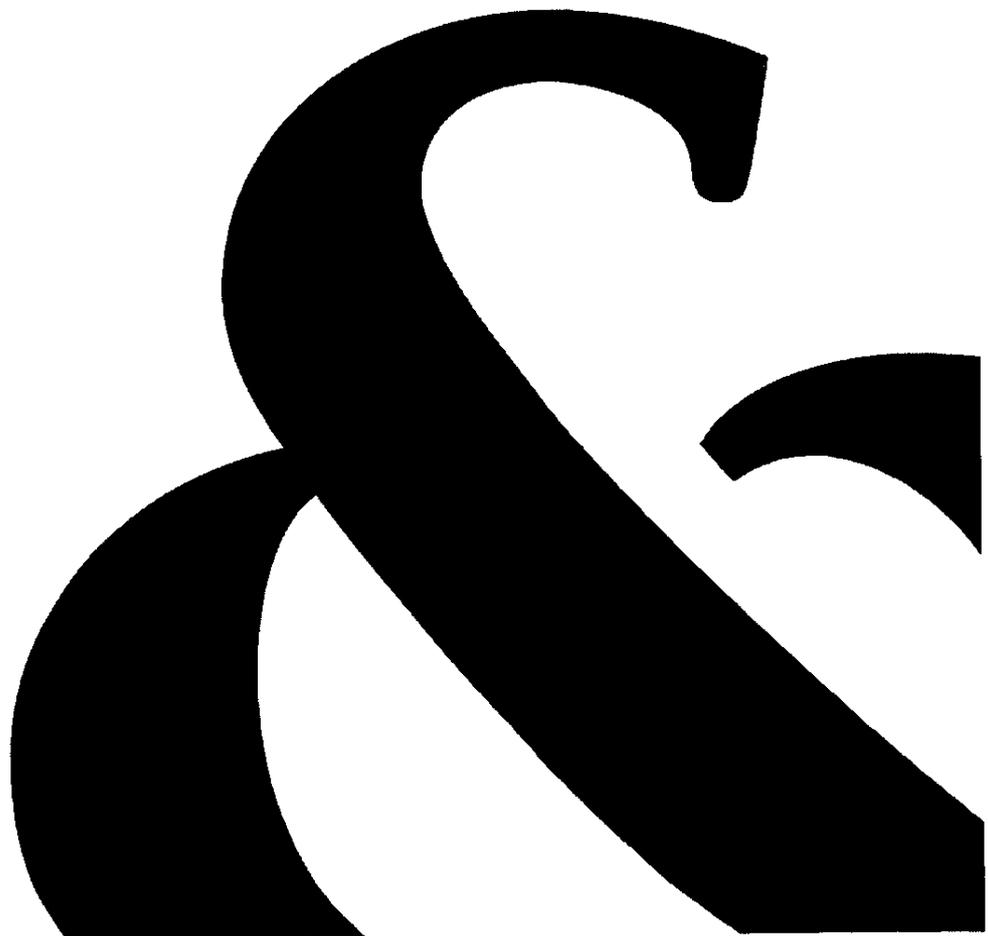


Paul Michael McConnell
Joint Liquidator

**Abacus Healthcare
Services Limited (in
creditors' voluntary
liquidation)**

**Joint liquidators' annual progress
report to creditors and members**

7 February 2014



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1. Glossary

Abbreviation	Description
the Company	Abacus Healthcare Services Limited
the liquidators/joint liquidators	Paul Michael McConnell and Gilbert John Lemon
CIF	Close Invoice Finance Limited
ETR	Estimated to realise
HMRC	HM Revenue & Customs
IR	Inksmoor Recoveries Limited – book debt collection agents
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
IPR	Intellectual Property Rights
MGR	MGR Appraisals Limited – chartered surveyors, valuers and auctioneers
QFCH	Qualifying Floating Charge Holder – a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WEBC	Smith & Williamson Employee Benefits Consultancy, a division of Smith & Williamson Financial Services Limited
S&WFS	Smith & Williamson Financial Services Limited
SOA	Statement of Affairs
SIP	Statement of Insolvency Practice (England & Wales)

Note The IA86 and IR86 have been subject to a number of significant amendments since their original issue, including a number of substantial and important changes in April 2010. References to IA86 and IR86 in this report are to the legislation as it applies to this case.

2. Introduction and statutory information

This report provides an update on the progress in the liquidation of the Company for the year ended 20 December 2013. It should be read in conjunction with any previous reports. Paul Michael McConnell and Neil Francis Hickling of Smith & Williamson LLP, Marmion House, 3 Copenhagen Street, Worcester, WR1 2HB, were appointed liquidators of the Company on 21 December 2012.

As a result of the retirement of Neil Francis Hickling from Smith & Williamson LLP an application was made to the Court for Mr Hickling's insolvency appointments to be transferred to replacement office holders to ensure the expedient and cost efficient administration of the various estates under his control

On 8 November 2013, District Judge Britton, sitting in the Chancery Division of the High Court of Justice Bristol District Registry (Court No 803 of 2013) ordered that the administration of this liquidation was transferred to Paul Michael McConnell and Gilbert John Lemon with effect from 9 00am on 12 November 2013. Notice of the Order was published in the London Gazette on 18 November 2013. Creditors were given the opportunity to apply to the Court on notice to the replacement office holders within 28 days of the advertisement for the purposes of varying or discharging the Order in so far as it relates to the estate of which they are a creditor. No objections or other representations were received.

The principal trading address of the Company was Unit 1, Plateau 2 Millennium Way, High Carr Point, High Carr Park, Newcastle under Lyme, Staffordshire, ST5 7XE

The Company's registered office is Marmion House, 3 Copenhagen Street, Worcester, WR1 2HB and its registered number is 3518762

3. Realisation of assets

Attached at Appendix I is our receipts and payments account for the period from 21 December 2012 to 20 December 2013

The receipts and payments account also includes a comparison with the directors' SOA values

3.1 Goodwill

Following the liquidators' appointment the Company's tangible assets and goodwill were sold to Care in Bathing Ltd

Goodwill was defined as customer orders not yet fulfilled, including any work in progress not yet invoiced, together with any contractual papers or estimates in connection with the orders

The liquidators instructed professional valuers MGR to carry out a formal valuation of the Company's assets and advise on the sale of the assets. The goodwill was sold to Care in Bathing Ltd for £10,000. The value of the Company's goodwill was scheduled as uncertain in the directors' SOA

3.2. Intellectual Property

There have been no realisations in respect of IPR, which had no ETR value in the directors' SOA

3.3. Book Debts

The Company's book debts were subject to an Invoice Finance agreement ("the agreement") with CIF. On receipt of notice of the meeting of the Company's creditors CIF terminated the agreement on 11 December 2012

CIF collected sufficient book debts to repay its debt, fees and expenses in full. The book debtor ledger was reassigned to the Company on 21 March 2013, following which £31,903 was received from CIF in respect of surplus book debtor monies that were held by CIF at the time. The remaining book debts reassigned to the Company amounted to £122,476

The liquidators instructed IR to recover the remaining book debts. At the time the Company's aged debtor analysis included book debts amounting to £90,518 that had been invoiced after CIF had terminated the agreement. These were categorised as customer contracts/WIP in the directors' SOA

IR has realised £46,480 to date, in addition the liquidators have realised £73,495 relating to debtor payments made directly to the liquidators and payments made to the Company's bank account. Total Book debt realisations to date amount to £151,878

After applying credit notes, bad debts and disputes the balance of book debts still to be collected is £5,290. It is uncertain at present whether the remaining debts are collectable.

3.4. Short Leasehold

The directors had advised that the lease in relation to the Company's trading premises at Unit 1 High Carr Point, High Car Business Park, Newcastle under Lyme, Staffordshire, ST5 7XE had been assigned to a third party before the Company went into liquidation

The liquidators established that the lease had not been assigned, the lease was therefore disclaimed by the liquidators on 16 January 2013 on the advice of their agents

3.5. Plant & Machinery, Fixtures & Fittings, Stock, and Computer Equipment

As stated in paragraph 3.1 the Company's goodwill and tangible assets were sold to Care in Bathing Ltd. An offer of £29,400 was accepted by the liquidators on the recommendation of MGR as the offer was far greater than MGR would expect to realise in a break up situation by either auction, tender or private treaty after payment of the costs that would be incurred in advertising, portorage and occupying the Company's premises. The apportionment of the consideration paid was as follows -

	£
Goodwill	10,000
Plant & Machinery	6,400
Fixtures & Fittings	3,000
Stock	8,000
Computer Equipment	2,000
Total	29,400

The assets realised the ETR figures in the directors' SOA, with the exception of the stock that was sold for £8,500 compare to an ETR figure of £11,500

3.6. Motor Vehicles

The directors had advised that the Company owned a motor vehicle that had been valued at £5,600 by MGR for the SOA. Following their appointment the liquidators were advised by FCE Bank Plc that the vehicle was subject to a finance agreement. There was no equity in the vehicle so it was returned to FCE Bank Plc.

3.7. Development Costs

Development costs were ETR nil in the directors' SOA. There have been no realisations in respect of development costs, which related to ongoing projects that were discontinued when the Company ceased trading.

3.8. Cash at Bank

The directors' SOA disclosed cash at bank of £1,111. The liquidators have realised £10,253, these monies relate to payments into the Company's bank account after the Company went into liquidation, which cannot be allocated to the book debtor ledger.

3.9. Customer Contracts/WIP

At the time that the directors completed the SOA it was uncertain how much of the Customer contracts/WIP would be completed and invoiced. The completed WIP was invoiced at the end of December 2012. These invoices totalled £90,518 and were included in the book debts that the liquidators instructed IR to collect, as referred to in paragraph 3.3 above. All realisations in respect of these invoices have been included as book debt realisations and are included in the figure of £151,878 shown on the receipts and payments account at Appendix I.

3.10 Other asset realisations

An insurance refund of £12.75 from the Company's insurers and bank interest net of tax of £29.09 has been received during the year.

4. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Innovation and Skills on the conduct of all those persons who were directors at the date of liquidation or who held office at any time during the three years immediately preceding the liquidation.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any issues requiring further report.

5 Creditors

5.1. Secured creditors

CIF held a fixed and floating charge debenture over the Company's assets. At the date of the liquidation the indebtedness was estimated at £63,009. As reported in paragraph 3.3 CIF collected sufficient book debts to repay its debt, fees and expenses in full. On 16 April 2013 CIF confirmed that all monies due to CIF have been repaid and the obligations secured by its debenture have been fully satisfied.

5.2. Prescribed Part

The Company granted a floating charge to CIF on 18 October 2004. As CIF's debt has been repaid in full from the Company's book debts the prescribed part will not apply.

5.3. Preferential creditors

A summary of preferential claims is detailed below.

Preferential creditor	SOA claims £	Agreed claims £	Claims yet to be agreed £
Employee claims (5 claims)	11,039	1,563	-
Department for Business Innovation & Skill	-	8,127	-
Total	11,039	9,690	-

Based on current information the agreed preferential creditors will be paid in full.

5.4. Unsecured creditors

We have received claims totalling £401,448 from 45 creditors. We have not agreed any claims to date. We have yet to receive claims from 27 creditors whose debts total £32,053 as per the directors' SOA.

Based on current information it is anticipated that there will be a dividend paid to unsecured creditors, the quantum of any dividend is uncertain at present and will be dependent on the final amount of asset realisations, the costs of the liquidation and the amount of the creditor claims that are agreed.

6. Notice of intended dividend

At present, we have funds of approximately £133,000 in hand. VAT of £5,883 will also be reclaimed by the liquidators. It is our intention to pay a first and final dividend to non-preferential creditors and we enclose for your attention a notice of intended dividend and a statement of claim form for those who have still to register their claim.

If you have not already submitted a claim in the liquidation can you please complete the enclosed statement of claim form and return it to me before 20 March 2014, otherwise you may be excluded from any dividend payable.

Alternatively, we should be obliged if you would inform us if you have no claim in the liquidation.

7. Liquidators' remuneration

The creditors approved that the basis of the liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the liquidation.

The liquidators' time costs are:

Period	Total hours hrs	Total cost £	Average hourly rate £/hr	Fees drawn £
21.12.2012 - 20.12.2013	166.50	35,612.50	213.89	33,277.00

Attached as Appendix II, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the liquidators and their staff in attending to matters arising in the liquidation. Details of work carried out in the period are also included in the appendix.

A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from the R3 website at the following address:

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Nov2011.pdf

Details of our charge out rates and policies in relation to the use of staff are provided at Appendix III.

7.1. S&WFS

S&WFS, a company associated with Smith & Williamson LLP, has dealt with the Company's pension affairs. Payments to parties in which liquidators or their firm have an interest must be disclosed to, and approved by, creditors.

S&WFS' remuneration was approved on a time costs basis at the first meeting of creditors on 21 December 2012. S&WFS have not incurred any time costs to date.

8. Liquidation expenses

8.1. Subcontractors

We have not utilised the services of any subcontractors in this case

8.2 Professional advisers

On this assignment we have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of professional Adviser	Basis of fee arrangement	Costs incurred in the period £	Costs paid in the period £	Total costs outstanding at period end £
MGR (asset valuation & disposal advice)	Hourly rate and disbursements	3,240 00	3,240 00	-
Thursfields Solicitors name] (legal advice re sale of assets & CIF termination charges)	Hourly rate and disbursements	2,637 00	2,637 00	-
Asset Storage Ltd (collection of books & records and confidential disposal of records)	Hourly rate and disbursements	1,330 00	1,330 00	-
IR (book debt collection)	10% of recoveries and disbursements	4,647 97	4,647 97	-

8.3. Liquidators' disbursements

We have paid and/or incurred the following disbursements in the current period

Description	Incurred in the period £	Paid in the period £	Total costs outstanding at period end £
Storage of records	11 20	-	11 20
Statutory advertising	254 00	254 00	-
Liquidators' bond	320 00	320 00	-
Company searches	79 16	79 16	-
Postage	187 81	187 81	-
Travel & Subsistence	18 00	18 00	-
Category 2 disbursements (see next section)	265 80	265 80	-
Total	1,135 97	1,124 77	11 20

8.4 Category 2 disbursements

The following Category 2 disbursements have been incurred and/or paid in the current period

Description	Incurred in the period £	Paid in the period £	Total costs outstanding at period end £
Photocopying	265 80	265 80	-

Approval to recover the Category 2 disbursements shown above was given at the first meeting of creditors held on 21 December 2012

8.5 Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts and payments summary at Appendix I. Detailed below are those expenses which we consider to be significant in the context of this case

Supplier/Service provider	Nature of expense incurred	Amount incurred in the period £	Amount paid in the period £	Total costs outstanding at period end £
Smith & Williamson LLP	Preparing the SOA and convening and holding the meeting of creditors on 21.12.2012	5,500 00	5,500 00	-
IR	Statutory demand fee to recover book debt	150 00	150 00	-
Care in Bathing Ltd	Retrieval of documents to assist book debt collection	700 00	700 00	-

8.6. Policies regarding use of third parties and disbursement recovery

Appendix III provides details of our policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements

9. Outstanding matters

The remaining actions to be concluded in the liquidation are as follows

- Collection of outstanding book debts,
- Completing the required Corporation Tax returns up to the end of the liquidation,
- Pay the preferential creditors in full,

- Agree the unsecured non-preferential creditor claims and pay a first and final dividend to the agreed creditors,
- Closure of the liquidation, including preparation of the draft final report to creditors and members, issuing the draft report to the creditors and members, finalising the final report and submitting this to the Registrar of Companies, convening and holding the final meetings of creditors and members

10 Creditors' rights

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 or otherwise with the court's permission) may request in writing that the liquidators provide further information about their remuneration or expenses which have been itemised in this report

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the liquidators, as set out in this report, are excessive

Further information regarding creditors' rights is available on application to the liquidators

11 Next report

We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation unless we have concluded matters prior to this, in which case we will write to all creditors with our draft final progress report ahead of convening the final meetings of creditors and members



Paul Michael McConnell
Joint Liquidator
Date 7 February 2014

I Receipts and payments account

I.i Receipts and payments account

Abacus Healthcare Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 20/12/2013

S of A £		£	£
	GENERAL FIXED CHARGE		
Uncertain	Goodwill	10 000 00	
NIL	Intellectual Property	NIL	
135 923 00	Book Debts	151,877 70	
(63,009 00)	Close Invoice Finance Limited	NIL	
			161,877 70
	ASSET REALISATIONS		
NIL	Short Leasehold	NIL	
6,400 00	Plant & Machinery	6,400 00	
3,000 00	Fixtures & Fittings	3,000 00	
5,600 00	Motor Vehicles	NIL	
11,500 00	Stock	8,000 00	
2,000.00	Computer Equipment	2,000 00	
NIL	Development Costs	NIL	
	Insurance Refund	12 75	
1,111 00	Cash at Bank	10,252 76	
Uncertain	Customer Contracts/WIP	NIL	
	Bank Interest Net of Tax	29 09	
			29,694 60
	POSSIBLE 3RD PARTY FUNDS		
	Suspense Account	180 00	
			180 00
	COST OF REALISATIONS		
	Specific Bond	320 00	
	S&W Prep of S of A. Fees	5,500 00	
	Liquidator's Fees	33,277 00	
	Statutory Demand Fee	150 00	
	Agents/Valuers Fees (1)	3 240 00	
	Legal Fees (1)	2 636 00	
	Legal Expenses	1 00	
	Agents Fees - Collect Books & Record	1,330 00	
	Travel & Subsistence	18 00	
	Company Search	54 58	
	Postage & Redirection	187 81	
	Statutory Advertising	254 00	
	Stationery & Photocopying	265 80	
	Agents Fees for Info re Debtors	700 00	
	Agents Fees re Debtors	4,647 97	
	Company Searches	24.58	
			(52,606.74)
	PREFERENTIAL CREDITORS		
(11,039 00)	Employees	NIL	
			NIL
	UNSECURED CREDITORS		
(153 908 00)	Trade & Expense Creditors	NIL	

**Abacus Healthcare Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 20/12/2013**

S of A £		£	£
(86,105 00)	Employees	NIL	
(8,000 00)	HMRC - PAYE/NI	NIL	
(5,141 00)	HMRC - VAT	NIL	
(10,000 00)	Private Loan	NIL	
(99,000 00)	Shareholder "buy-back"	NIL	
			NIL
	SHAREHOLDERS		
(2 00)	Ordinary Shareholders '1'	NIL	
(956 00)	Ordinary Shareholders '2'	NIL	
(1 00)	Ordinary Shareholders '3'	NIL	
			NIL
<u>(271,627 00)</u>			<u>139,145 56</u>
	REPRESENTED BY		
	VAT Receivable		5,882 80
	Clients Premium A/c (Int Beang)		133,262 76
			<u>139,145 56</u>

I.ii Notes and further information required by SIP 7

- No payments have been made to us from outside the estate
- Details of significant expenses paid are provided in the body of our report
- Information concerning our remuneration and disbursements incurred to date is provided in the body of the report
- Information concerning the ability to challenge remuneration and expenses of the liquidation is provided in our report
- All bank accounts are interest bearing
- There are no foreign currency holdings
- All amounts in the receipts and payments account are shown exclusive of VAT. VAT is expected to be payable / recoverable on all transactions in the estate subject to VAT. In the event of any variations to this, such amounts would be disclosed as irrecoverable VAT.

II Time analysis for the period

II.i From 21 December 2012 to 20 December 2013

Abacus Healthcare Services Limited (in Liquidation)

TIME AND CHARGE-OUT SUMMARY

Classification of work function	Hours					Time Cost £	Average Hourly Rate
	Partners & Associate Directors	Managers & Assistant Managers	Other Professionals	Support Staff	Total Hours		
Administration and Planning	6 00	15 85	5 70	10 00	37 55	7,548 75	201 03
Investigations	0 00	32 65	0 00	0 00	32 65	8,293 75	254 02
Realisation of assets	0 00	52 05	3 50	13 25	68 80	14,515 00	210 97
Creditors	0 00	18 50	0 00	9 00	27 50	5,255 00	191 09
Time incurred during last 12 months	6 00	119 05	9 20	32 25	166 50	35,612 50	213 89
Total Time incurred	6 00	119 05	9 20	32 25	166 50	35,612 50	213 89

II.ii Explanation of major work activities undertaken

Administration and planning

The following activities have been undertaken

- Preparing and issuing the report to creditors on the meeting of creditors held on 21 December 2012,
- Advertising notice of the liquidators' appointment in the London Gazette and sending notice to the Registrar of Companies and all known creditors ,
- Dealing with routine correspondence
- Maintaining and reconciliation of bank accounts,
- Completing VAT returns,
- 6 monthly case reviews,
- 3 monthly bond reviews.

Investigations

The time spent includes

- Undertaking an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate,

- Reviewing the Company's books and records and corresponding with the Company's accountants and directors to obtain additional information regarding the Company's trading prior to the liquidation,
- Reviewing the Company's bank statements for any significant transactions prior to the Company going into liquidation
- Reviewing the questionnaires sent to all directors of the Company who were Directors in the three years before the Company went into liquidation
- Reviewing the investigation questionnaires submitted by creditors and making enquiries in relation to the matters raised in the creditor questionnaires
- Reporting on the conduct of the directors of the Company to the Department for Business Innovation & Skills (BIS) under the statutory requirements of the Company Directors Disqualification Act 1986

Realisation of assets

Details of asset realisations are provided in section 3 in the body of the report. The time spent includes

- Liaising with agents regarding sale of the Company's assets and the collection of the book debts and periodic reviews of the book debt collections
- Corresponding with CIF to monitor the book debt collection before the debtor ledger was reassigned to the Company by CIF

Creditors

The time spent includes the following matters

- Corresponding with lease creditors to arrange for the collection of goods subject to lease agreements,
- Maintaining and updating the list of creditors,
- Dealing with creditor queries,
- Assisting creditors with any claim queries and recording proofs of debt received;
- Periodic reviews of creditor claims received,
- Corresponding with the RPS concerning employee claims,
- Reviewing and admitting preferential creditor claims

III Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are

- Smith & Williamson's policy in relation to
 - Staff allocation and the use of subcontractors
 - Professional advisers including S&WFS
 - Disbursement recovery
- Smith & Williamson's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a partner and a partner or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including

- The industry and/or practice area expertise required to perform the required work
- The complexity and nature of the assignment
- The availability of resources to meet the critical deadlines in the case
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment

S&WFS

S&WEBC is a pensions consultancy firm which specialises in providing advice to Insolvency Practitioners on their appointment in relation to all aspects of pensions. It is a division of S&WFS, a company associated with Smith & Williamson LLP.

S&WEBC may be engaged to deal with the Company's pension affairs. Payments to parties in which the liquidators or their firm have an interest must be disclosed to, and approved by, creditors. Fees for their services are accrued on a time costs basis. Consequently, details of the charge out rates for S&WEBC are provided to creditors.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the liquidators' remuneration was approved. Charge out rates for S&WFS were also provided to creditors at the time the basis of their fees was approved.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2013.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates from 21 December 2012	London office £/hr	Regional offices £/hr
Partner	440	375
Associate Director	335	325
Managers	235 - 275	200 - 275
Other professional staff	150-200	145 - 185
Support & secretarial staff	65 - 80	70 - 75

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates from 1 July 2013	London office £/hr	Regional offices £/hr
Partner	480	350-375
Associate Director	370	295-325
Managers	235 - 310	190 - 285
Other professional staff	150-235	110 - 170
Support & secretarial staff	85	28 - 75

Notes

- 1 Time is recorded in units representing 3 minutes or multiples thereof.

- 2 It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual case
- 3 The firm's cashiering function is centralised and London rates apply

S&WFS S&WEBC

Charge out rates from 1 July 2012

£/hour

Director	245-400
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Associate Director	235-245
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Manager	165-235
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Administrator	125-165
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S&WFS S&WEBC

Charge out rates from 1 July 2013

£/hour

Director	265-405
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Associate Director	180-240
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Manager	170-195
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Administrator	115-165
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Principal offices. London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Manchester, Salisbury, Southampton and Worcester

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