

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

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refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 4 7 1 3 8 3 3

Company name in full Ludgate Building And Construction Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) Vincent John

Surname Green

### 3 Liquidator's address

Building name/number 4 Mount Ephraim Road

Street Tunbridge Wells

Post town Kent

County/Region

Postcode T N 1 1 E E

Country

### 4 Liquidator's name ①

Full forename(s) Gary

Surname Shankland

#### ① Other liquidator

Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number 31st Floor

Street

Post town 40 Bank Street

County/Region London

Postcode E 1 4 5 N R


Country

#### ② Other liquidator

Use this section to tell us about  
another liquidator.

# LIQ03

## Notice of progress report in voluntary winding up

<b>6</b>	<b>Period of progress report</b>											
From date	<sup>d</sup> 1	<sup>d</sup> 2	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1				
To date	<sup>d</sup> 1	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2				
<b>7</b>	<b>Progress report</b>											
<input checked="" type="checkbox"/> The progress report is attached												
<b>8</b>	<b>Sign and date</b>											
Liquidator's signature	Signature 								X			
Signature date	<sup>d</sup> 0	<sup>d</sup> 6	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2				

**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 Milly McTaggart

Company name Crowe U.K. LLP

Address 4 Mount Ephraim Road

Tunbridge Wells

Post town Kent

County/Region

Postcode TN1 1EE

Country

DX

Telephone 01892 700200

**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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**



**Ludgate Building And Construction Limited  
(In Creditors' Voluntary Liquidation)**

**Annual Progress Report to 11 August 2022**

**Vincent Green of Crowe U.K. LLP  
4 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE**

**and**

**Gary Shankland of Begbies Traynor (London) LLP ("Begbies Traynor")  
31st Floor, 40 Bank Street, London, E14 5NR**



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## 1. INTRODUCTION

On 12 August 2020, Vincent John Green of Crowe U.K. LLP and Gary Shankland of Begbies Traynor were appointed Joint Liquidators of Ludgate Building And Construction Limited ("the Company").

The Joint Liquidators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to their appointment. Prior to the Joint Liquidators' appointment, a review of ethical issues was undertaken and no ethical threats were identified. Since their appointment the Joint Liquidators have continued to undertake periodic reviews of ethical matters and no ethical threats have been identified.

This Progress Report summarises the progress of the Liquidation for the period from 12 August 2021 to 11 August 2022 ("the Reporting Period").

Statutory information relating to the Company is attached at **Appendix I**.

## 2. ADMINISTRATION AND PLANNING

The Joint Liquidators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progression of the administration of the case, which ensures that work is carried out to high professional standards. A detailed list of these tasks can be found at **Appendix II**.

### Reporting

The Joint Liquidators have met their statutory and regulatory duties to report to creditors, as listed below. In consideration of the need for transparency and engagement with creditors, care has been taken to ensure that reports and other communications with creditors have provided useful details of the strategies pursued and the outcomes anticipated.

During the Reporting Period, the following key documents have been issued:

- The progress report for the period 12 August 2020 to 11 August 2021;

### Other administrative tasks

During the Reporting Period, the following material tasks in this category were carried out:

- Conducting periodic case reviews to ensure that the Liquidation is progressing efficiently, effectively and in line with statutory requirements;
- Maintaining case files, including documenting decisions made by the Joint Liquidators that materially affect the Liquidation

## 3. REALISATION OF ASSETS

The Joint Liquidators' Receipts and Payments account is attached at **Appendix III**. The funds in the Liquidation estate are held in a non-interest bearing account.

Detailed below is key information about asset realisations and the Joint Liquidators' strategy, however, more details about the work undertaken can be found at **Appendix II**. The Joint Liquidators formulated and worked through a realisation strategy that sought to maximise realisations net of costs. The financial benefit of those efforts is described further below.

## Directors' Loan Account ("DLA")

The Statement of Affairs showed the book value and estimated to realise value of the DLA to be £274,303. This comprised the value of the DLA shown in the Company's accounts to 30 September 2019.

As stated previously, further amounts were identified as being payable to the Company by the Directors, amounting to £52,296. Accordingly, demand was made on the Directors to repay the total sum of £326,599.

We were advised that Mr & Mrs Ludgate disputed an amount of the DLA. Therefore, further information was requested from the Directors, together with evidence to support any reduction to the amount due. Subsequently, evidence was provided by the Directors in support of the claim.

The Directors sold their marital home and evidence was supplied to show that payments were made from the sale proceeds to a number of creditors who were provided with personal guarantees. The sum of these payments was offset against the DLA, reducing the amount due to £62,278.

The Directors instructed FRP Advisory Trading Limited ("FRP"), a business advisory firm, to assist them in negotiations with the Joint Liquidators to reach settlement. The Joint Liquidators received an income and expenditure account for Mr and Mrs Ludgate and an offer of £27,108 to conclude matters. The Joint Liquidators rejected the offer and reverted to FRP advising the same.

On 17 February 2022, and following further negotiations with FRP, an increased offer of £31,424 in full and final settlement was received and subsequently accepted by the Joint Liquidators. The agreed settlement was paid in full in the Reporting Period and is shown on the Receipts and Payments account found at **Appendix III**.

## **4. CREDITORS**

Irrespective of whether sufficient realisations are achieved to pay a dividend to creditors, the Joint Liquidators have had to carry out key tasks which are detailed at **Appendix II**. The following sections explain the anticipated outcomes to creditors and any distributions paid.

### Secured Creditors

The Company had granted the following security:

Type of charge	Date created	Beneficiary
Debenture	14 November 2003	HSBC Bank PLC ("the Bank")

The debt due to the Bank at the date of appointment was made up of various loans and overdrafts, the total quantum of which was approximately £130,057 excluding charges and accruing interest. It is anticipated that asset realisations will not be sufficient to repay the Bank in full. The Bank has not yet received any monies in this Reporting Period as shown on the Receipts and Payments account and has provisionally submitted its claim in the Liquidation in the sum of £136,708.

### Preferential Creditors

Eight employees, including the two Directors, were made redundant on 1 July 2020. The relevant information for employees to submit claims has been submitted to the Redundancy Payments Service and information and assistance has been given to employees to enable them to submit their claims online.

Employees were shown to be owed £4,440 in respect of their claims for holiday pay and arrears of wages to the statutory preferential limit. Claims of £9,469 have been received of which £4,058 is claimed preferentially.

The Joint Liquidators do not currently anticipate being able to pay a distribution in respect of employees' preferential claims.

## Unsecured Creditors

HMRC was shown to be owed £172,093. A claim is yet to be received.

The trade and expense creditors as per the statement of affairs totalled £345,708 and employees' unsecured claims were estimated to total £87,233. Please be advised that proofs of debt may still be received and therefore the total value of unsecured claims is not known at present; however, claims received to date in this regard total £609,883

Creditor communications are being undertaken by Begbies Traynor. Consequently, those creditors who have not already submitted a claim are requested to send details of their claim to Begbies Traynor, 31st Floor, 40 Bank Street, London, E14 5NR (Tel: 020 7516 1500) or Gabrielle.Whatmore@btguk.com.

## Dividend Prospects

Where a floating charge is created after 15 September 2003 a prescribed part of a company's net property should be made available for unsecured creditors.

Given the level of asset realisations, and the costs of the Liquidation, it is unlikely that there will be sufficient funds to enable a dividend to be paid to any class of creditors. Therefore, there will be no net property from which to deduct a prescribed part.

## **5. FEES AND EXPENSES**

### Pre-Appointment Costs

The creditors authorised the fee of £6,000 plus VAT for assisting the Directors with placing the Company in Liquidation and with preparing the Statement of Affairs on 12 August 2020.

The fee was paid from first realisations on appointment and is shown in the enclosed receipts and payments account.

### The Joint Liquidators' Fees

It is the firm's practice to ensure that work is conducted by the appropriate staff member at the appropriate level of experience. Junior members of staff deal with the day to day administration on cases and a manager and partner then oversees the work undertaken. Where the issues are complex and litigious, the work will be closely supervised or undertaken by a manager or partner.

The Joint Liquidators' fees were approved by creditors on 12 August 2020 on a fixed fee basis of £37,500 plus VAT.

The Joint Liquidators have drawn the following amounts:

Crowe U.K. LLP	£13,000.00
Begbies Traynor	<u>£13,000.00</u>
	£26,000.00

Crowe U.K. LLP's total time costs to date amount to £33,350 representing 170 hours at an average hourly rate of £197. Begbies Traynor's total time costs to date amount to £34,988 representing 110.2 hours at an average hourly rate of £318.



Although the Joint Liquidators' time costs are far in excess of the original fixed fee agreed, the Joint Liquidators are only seeking approval to an increase of their fixed fee to a maximum of £15,000 plus VAT.

The Joint Liquidators intend to seek creditors' approval to fees in addition to those previously estimated and the relevant creditors will be invited to consider the Joint Liquidators' proposal under separate cover.

## Expenses

Expenses are amounts payable by the Joint Liquidators from the Liquidation estate which are not otherwise categorised as the Joint Liquidators' remuneration or as a distribution to a creditor or creditors.

Category 1 expenses are payments to entities providing a service to which the expense relates who are not associates and where the specific expenditure is directly referable to the Liquidation. These expenses are charged to the estate at cost. Liquidators may discharge Category 1 expenses from the funds held in the Liquidation without further recourse to creditors.

Category 2 expenses are other expenses which are payable to associates or which have an element of shared cost. Payments may only be made in relation to Category 2 expenses if the creditors have approved the bases of their calculation. Category 2 expenses were approved by creditors on 12 August 2020.

Details of the expenses incurred and paid by Crowe U.K. LLP in the Reporting Period and also since the commencement of the Liquidation are detailed at **Appendix V** together with a comparison to the expenses that were estimated at the outset of the Liquidation.

A payment of £121 was made to the Company's pre-appointment accountants, Integral Book-Keeping Limited, for their assistance and provision of the Company's books and records. The costs were incurred and paid in the previous reporting period.

Details of Begbies Traynor's expenses are as follows:

<b>Category 1 Disbursements</b>	<b>Actual Expenses incurred in the reporting period</b>	<b>Actual Expenses incurred to Date</b>	<b>Actual Expenses paid in the reporting period</b>	<b>Actual Expenses paid to Date</b>
Bond – Insolvency Risk Services	£0.00	£74.25	£0.00	£74.25
Postage – Royal Mail	£0.00	£218.15	£0.00	£218.15
Storage – Restore PLC	£18.08	£25.93	£16.67	£16.67

## Specialist Advice and Services

When instructing third parties or associates to provide specialist advice and/or services the Joint Liquidators are obligated to ensure that the work is warranted and that the work undertaken provides good value. In each case, when considering which specialist to instruct, the Joint Liquidators take into account the experience and knowledge of the specialist, the likely cost to the Liquidation estate and whether the cost of the instruction is proportionate to the likely benefit.

Guidance in respect of insolvency practitioners' fees is available to download at:

<http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>

Information about insolvency processes can be found on the R3 website at:

<http://www.creditorinsolvencyguide.co.uk/>

A hard copy of this guidance information will be provided on request.

Crowe U.K. LLP's charge out rate and expenses policy is attached at **Appendix V** and Begbies Traynor charge out rate and expenses policy is attached at **Appendix VI**.

## 6. CREDITORS' RIGHTS

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 Joint Liquidators' remuneration and expenses within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to Court to challenge the amount and/or basis of the Joint Liquidators' 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.

## 7. CONCLUSION

The administration of the Liquidation will continue in order to finalise the following outstanding matters that are preventing the case from being closed:

- The decision on the increase of the Joint Liquidators' Fees
- Finalise tax and VAT affairs

The Joint Liquidators anticipate that the Liquidation will remain open for a further 9 months to enable these matters to be dealt with.

Should you have any queries, please contact:

Gabby Whatmore at Begbies Traynor (Gabrielle.Whatmore@btguk.com)  
Milly McTaggart at Crowe U.K. LLP (Milly.McTaggart@crowe.co.uk)



Signed

Vincent Green  
Joint Liquidator

Date 6 October 2022

## **Appendix I**

### **Statutory Information**

Company Name	<b>Ludgate Building And Construction Limited</b>
Company Number	<b>04713833</b>
Registered Office	<b>31st Floor, 40 Bank Street, London, E14 5NR</b>
Former Registered Office	<b>Unit 4, Connors Yard, Beeches Road, Crowborough, East Sussex, TN6 2AH</b>
Office holders	<b>Vincent John Green and Gary Shankland</b>
Office holders' address	<b>Crowe U.K. LLP, 4 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE</b>  <b>and</b>  <b>Gary Shankland of Begbies Traynor of 31st Floor, 40 Bank Street, London, E14 5NR</b>
Office holders' telephone	<b>01892 700 200</b>
Date of appointment	<b>12 August 2020</b>

## Appendix II

### List of Work Undertaken in Reporting Period – Crowe U.K. LLP

General Description	Includes
<b>Administration and Planning</b>	
Statutory/advertising	Filing of documents to meet statutory requirements
Document maintenance/file review/checklist	Filing of documents Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing BACS payments
Planning / Review	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case
Creditor reports	Preparing annual progress report, investigation, meeting and general reports to creditors
<b>Realisation of Assets</b>	
DLA	Communicating with the Directors and their representatives Continued pursuit of the Directors Loan balances Negotiating with the Directors representatives Recovering the Directors Loan balance
<b>Creditors</b>	
Creditor Communication	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via email and post
Dealing with proofs of debt	Receipting and filing claims when not related to a dividend

### List of Work Undertaken in Reporting Period – Begbies Traynor

General Description	Includes
<b>Administration and Planning</b>	
Document maintenance/file review/checklist	Filing of documents Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
Planning / Review	Discussions regarding strategies to be pursued
Creditor reports	Assisting with the preparation of the annual progress report, investigation, meeting and general reports to creditors
<b>Realisation of Assets</b>	
DLA	Communicating with the Crowe U.K. LLP regarding the recovery of the Directors' Loan Account

# Crowe

## **Appendix III**

### **Receipts & Payments Account**

**Ludgate Building And Construction Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 12/08/2021 To 11/08/2022 £	From 12/08/2020 To 11/08/2022 £
	<b>SECURED ASSETS</b>		
Uncertain	Goodwill	NIL	NIL
		NIL	NIL
	<b>SECURED CREDITORS</b>		
(130,056.51)	HSBC UK Bank Plc	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
Uncertain	Book Debts / Work in Progress	NIL	2,000.00
500.00	Fixtures, fittings and IT equipment	NIL	300.00
	Miscellaneous Refund	NIL	640.40
24,250.00	Motor Vehicles	NIL	24,550.00
274,303.00	Other Debtor - Directors' Loan Account	31,424.37	31,424.37
1,750.00	Plant & Machinery	NIL	870.00
		31,424.37	59,784.77
	<b>COST OF REALISATIONS</b>		
	Accountancy Services	NIL	120.67
	Agent's Fees	NIL	3,511.80
	Insurance of Assets	NIL	416.54
	Liquidators' Expenses - Begbies	16.67	309.07
	Liquidators' Fees - Begbies	10,000.00	13,000.00
	Liquidators' Fees - Crowe	10,000.00	13,000.00
	Preparation of S. of A.	NIL	6,000.00
	Specific Bond	NIL	310.00
	Statutory Advertising	80.00	160.00
		(20,096.67)	(36,828.08)
	<b>PREFERENTIAL CREDITORS</b>		
(4,440.40)	Employee Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(87,232.66)	Employees	NIL	NIL
(51,559.36)	H M Revenue & Customs - CT	NIL	NIL
(51,152.14)	HM Revenue & Customs - Tax	NIL	NIL
(69,381.65)	HM Revenue & Customs - VAT	NIL	NIL
(31,000.00)	Loans	NIL	NIL
(345,707.89)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(469,827.61)		11,327.70	22,956.69
	<b>REPRESENTED BY</b>		
	Bank 1 Current - BARCLAYS		18,937.40
	Vat Receivable		4,019.29
			22,956.69



#### **Appendix IV**

#### **Expenses Information - Crowe U.K. LLP**

Ludgate Building and Construction Limited  
Expenses summary for the review period and the whole period, together with a comparison of the original estimate

Expenses including Category 1 Disbursements	Basis	Original Estimated Total	Actual Expenses incurred in the reporting period	Actual Expenses incurred to Date	Actual Expenses paid in the reporting period	Actual Expenses paid to Date	Reason for any Excess - if the expenses are likely to, or have, exceeded the original estimate
Agents and Valuers Key Appraisal will be instructed to provide a valuation and to assist with a sale of the Company's assets.	Fixed Fee / Percentage of realisations	£3,250.00	£0.00	£3,511.80	£0.00	£3,511.80	The valuation fee amounted to £1,000 and the Agent's commission £2,079. Additional sums paid to the Agent relate to disbursements (mileage and vehicle checks) and the costs of clearing the trading premises.
Books & Records Collection, Storage and Destruction Restore PLC will be instructed to collect, inventory, store and eventually securely destroy the Company's books and records.	Fixed Fee	£500.00	£0.00	£0.00	£0.00	£0.00	Books and records dealt with by Begbies Traynor
Rates Review Agents Vacant Space Management will be instructed to carry out a historic rates audit to ascertain whether a rates refund may be due to the Company.	Success Fee - Percentage	Unknown	£0.00	£0.00	£0.00	£0.00	
Pension Consultancy Clumber Consultancy Limited will be instructed to provide advice in respect of the Company's pension arrangements and submit a claim to the Redundancy Payments Service for any unpaid contributions.	Fixed Fee	Fixed Fee	£0.00	£0.00	£0.00	£0.00	Pension matters dealt with by Begbies Traynor
Statutory Advertising		£400.00	£80.00	£160.00	£80.00	£160.00	
Statutory Bond		£200.00	£0.00	£310.00	£0.00	£310.00	The increase is due to two insolvency practitioners being appointed from different firms.
Mail Re-Direction		£225.00	£0.00	£0.00	£0.00	£0.00	
Postage		£50.00	£0.00	£0.00	£0.00	£0.00	
Insurance of Assets		£500.00	£0.00	£416.54	£0.00	£416.54	
Category 2 Disbursements	Basis	Original Estimated Total	Actual Expenses incurred in the review period	Actual Expenses incurred to Date	Actual Expenses paid in the review period	Actual Expenses paid to Date	Reason for any Excess - if the expenses are likely to, or have, exceeded the original estimate
Photocopying	See charging policy	£50.00	£0.00	£0.00	£0.00	£0.00	
Mileage	Per mile at HMRC rates	£50.00	£0.00	£0.00	£0.00	£0.00	



## Appendix V

### Crowe U.K. LLP's Charge Out Rates and Expenses Policy

The table below sets out the charge-out rates utilised by Recovery Solutions at Crowe U.K. LLP for charging staff time:-

Partner	£400 per hour
Director	£350 per hour
Senior Manager	£300 per hour
Manager	£250 per hour
Assistant Manager	£200 per hour
Senior Administrator	£180 per hour
Administrator/Cashier	£150 per hour
Trainee/Support Staff	£75 per hour

It should be noted that the above rates may increase from time to time over the period of the administration of each insolvency case. The above rates are effective from 1 April 2022. Time is charged in six minute units.

### Expenses

Expenses are amounts properly payable by the office holder from the estate which are not otherwise categorised as the office holder's remuneration or as a distribution to a creditor or member. These may include, but are not limited to, legal fees, agents' fees, trading expenses and tax liabilities.

Category 1 expenses are payments to entities providing a service to which the expense relates who are not associates and where the specific expenditure is directly referable to the appointment in question. These are charged to the estate at cost, with no uplift. These include, but are not limited to, such items as advertising, bonding and other insurance premiums. Legislation provides that office holders may discharge Category 1 expenses from the funds held in the estate without further recourse to creditors or members.

Category 2 expenses are other expenses which are payable to associates or which have an element of shared cost. Payments may only be made in relation to Category 2 expenses after the creditors or members have approved the bases of their calculation.

### Further Guidance

Guidance in respect of insolvency practitioners' fees is available to download at:

<https://insolvency-practitioners.org.uk/regulation-and-guidance/creditors-guides-to-fees/>

Information about insolvency processes can be found on the R3 website at:

<http://www.creditorinsolvencyguide.co.uk/>

## Appendix VI

### Begbies Traynor's Charge Out Rates and Expenses Policy

#### INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on either of the bases allowed under The Insolvency Act England & Wales Rules 2016. These are either:

- As a percentage of the value of the assets realised and/or distributed
- On a time costs basis or
- As a set amount.

In this case creditors have resolved the basis of our remuneration as a set fee (as detailed in the report).

In addition, this policy applies where creditor approval is (or has been) sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm.

Best practice guidance\* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

#### EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 expenses (approval not required)* - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 expenses (approval required)* - Items of expenditure that are directly related to the case and either:
  - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
  - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

#### Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ❑ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £150) per meeting;
- ❑ Car mileage which is charged at the rate of 45 pence per mile.

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

## General Office Overheads

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

## **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally but vary to suit local market conditions. The rates applying as at the date of this report to the London office, where time costs are being used as the basis of the office holder's remuneration, are as follows:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
Consultant/Partner	645
Director	515
Senior Manager	440
Manager	410
Assistant Manager	315
Senior Administrator	290
Administrator	220
Trainee Administrator	160
Support	160

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

As detailed above, time is recorded in 6 minute units.