

In accordance with Rule 18.7 of the Insolvency (England & Wales) Rules 2016 and Sections 92A, 104A and 192 of the Insolvency Act 1986.

LIQ03

Notice of progress report in voluntary winding up



Companies House

For further information, please refer to our guidance at www.gov.uk/companieshouse

1

Company details

Company number

05522232

Company name in full

AAA Management Services Limited

→ Filling in this form

Please complete in typescript or in bold black capitals.

2

Liquidator's name

Full forename(s)

Freddy

Surname

Khalastchi

3

Liquidator's address

Building name/number

Lynton House

Street

7-12 Tavistock Square

Post town

County/Region

London

Postcode

WC1H9LT

Country

① Other liquidator

Use this section to tell us about another liquidator.

4

Liquidator's name ①

Full forename(s)

Jonathan David

Surname

Bass

② Other liquidator

Use this section to tell us about another liquidator.

5

Liquidator's address ②

Building name/number

Lynton House

Street

7-12 Tavistock Square

Post town

County/Region

London

Postcode

WC1H9LT

Country

② Other liquidator

Use this section to tell us about another liquidator.

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Period of progress report

From date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>7</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	
To date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>6</div></div>	<div><div>m</div><div>1</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	

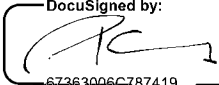
7

Progress report

<input checked="" type="checkbox"/> The progress report is attached	
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8

Sign and date

Liquidator's signature	<div>Signature</div> <div>X</div> <div><div>DocuSigned by:</div><div></div><div>67363006C787419...</div></div>	<div>X</div>							
Signature date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>8</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	

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**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 **Rona Bharania**

Company name **Menzies LLP**

Address **2 Sovereign Quay**

Havannah Street

Post town **Cardiff**

County/Region

Postcode **C F 1 0 5 S F**

Country

DX **DX 200767 Cardiff Bay**

Telephone **029 2049 5444**

**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

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AAA MANAGEMENT SERVICES LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION

**JOINT LIQUIDATORS' PROGRESS REPORT PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT
1986 AND RULE 18.2 OF THE INSOLVENCY (ENGLAND & WALES) RULES 2016**

FOR THE PERIOD 17 DECEMBER 2020 TO 16 DECEMBER 2021

DATED 8 FEBRUARY 2022

MENZIES

AAA MANAGEMENT SERVICES LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION – ("THE COMPANY")

ANNUAL PROGRESS REPORT

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2. Joint Liquidators' receipts and payments account
3. Joint Liquidators' analysis of time costs and narrative of work undertaken
4. Comparison of estimated expenses and actual costs incurred

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1. INTRODUCTION AND EXECUTIVE SUMMARY

- 1.1 I was appointed Joint Liquidator of the Company on 17 December 2014, which was prior to Harris Lipman ('HL') merging with Menzies LLP. I now present my progress report for the seventh year of the liquidation, pursuant to Section 104A of the Insolvency Act 1986 ("the Act") and Rule 18.2 of the Insolvency (England & Wales) Rules 2016 ("the Rules").
- 1.2 The Company's statutory information is attached at Appendix 1 of this report.
- Executive summary*
- 1.3 At the date of my appointment the Company had ceased trading and accordingly I took steps to realise the remaining assets with a view to distributing the funds to creditors, after costs, in the prescribed order of priority. As Liquidator, I was also obliged to investigate the Company's affairs.
- 1.4 At the outset it was anticipated I would be in a position to declare a dividend to the preferential and floating charge creditors, but on the basis of current realisations and the level of claims received to date, I expect that only preferential creditors will receive a dividend (see section 7 below). The Statement of Affairs listed the Company's assets including four intercompany trade debtors, with only one estimated realise value of £39,511.08 and the remaining as uncertain.
- 1.5 Investigations have been ongoing in the period in an attempt to recover monies due in relation to the two remaining inter-company debtors and further details can be found in the investigations section below.
- 1.6 The remaining assets shown on the Statement of Affairs included an amount of £157,106.13 held in the HL clients' account, being cash belonging to the Company that was realised prior to the liquidation and held in my former firm's client account, as well as staff loans with an uncertain value.
- 1.7 Total realisations to date amount to £302,448.88, include £94,214.30 received from two of the four related trade debtors, the full balance of £157,106.13 that was held in the HL client's account, cash at bank of £919.18 and bank interest of £209.27. In addition, during the reporting period, £42,000 out of a total of £50,000 has been received in respect of the debts due from the other two related trade debtors, Washing House LLP and Highgate Wash House LLP.
- 1.8 The manner in which the affairs of the Company have been managed since my last progress report is set out below.
- 1.9 Based on current known information about the Company's financial position, and after taking into account the estimated office holders' fees and expenses, it is anticipated that preferential creditors will be paid a dividend. However, at this stage, until Santander's claim is clarified, I am uncertain if the secured creditor will receive a distribution under their floating charge. I refer you to section 4 below.
- 1.10 My Receipts & Payments Account for the period from 17 December 2020 to 16 December 2021, which I have reconciled to the financial records that I am required to maintain, is attached at Appendix 2. All receipts and payments are shown net of VAT.
- 1.11 The balance of funds amounting to £84,675.09 are held in an interest-bearing estate bank account.

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2. PROGRESS/ASSET REALISATIONS

Bank Interest Gross

- 2.1 The funds are held in an interest-bearing account and £6.84 has been received in the reporting period.

Trade Debtors

- 2.2 During the reporting period, the sum of £42,000 was received from the Directors on account of the debts due from Washing House LLP ("WH") and Highgate Wash House LLP ("HWH"). When the final sum is received, it will be split proportionately between the two companies. Further details can be found in the investigations section below.

3. INVESTIGATIONS

- 3.1 As detailed in my previous reports, there have been ongoing investigations into the remaining two of four intercompany debtors, Washing House LLP ("WH") and Highgate Wash House LLP ("HWH"), and the directors.
- 3.2 In the previous reporting period, I instructed Freeths LLP ("Freeths"), solicitors, to assist with these investigations. As well as writing to the Company's accountant and directors requesting further information in the previous reporting period, I together with my solicitors visited the accountants' office to review the Company's records. Once information was received and reviewed, which included documentation in respect of the Santander matter, Counsel was instructed to review the information and advise on potential claims. Counsel produced a positive opinion in relation to a number of potential claims.
- 3.3 Prior to issuing proceedings, I was made aware by the directors' solicitor that both directors had long term health issues and so discussions commenced with regards to reaching a mutually agreeable settlement.
- 3.4 After a cost benefit analysis, obtaining advice from Counsel and taking into consideration both the directors' medical condition, a full and final settlement of £64,000 was agreed with the two former directors in relation to all claims WH, HWH and the directors on 8 December 2020. As part of our negotiations, we ensured that the agreement settled not only all claims against the directors but also by them against the Company. The relevance of this is that it improves the return to the different classes of creditors.
- 3.5 The settlement of £64,000 was agreed to be paid by way of an initial payment of £8,000 and 16 monthly instalments of £3,500. To date, a total of £50,000 has been received.
- 3.6 Of the £50,000 received to date, £42,000 has been received during the reporting period. I can confirm that all payments due under the settlement agreement are up to date.

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4. LIABILITIES, DIVIDEND PROSPECTS AND ALLOCATION OF COSTS

Secured creditors

- 4.1 Following an examination of the Company's mortgage register held by the Registrar of Companies, this showed that the Company had granted a charge to Santander Bank ("Santander") on 3 August 2010. While the Company was trading, the directors had also provided Santander with personal guarantees in relation to any moneys owing to the bank.
- 4.2 The debt owed to Santander on the Statement of Affairs was £65,535.46. Following my appointment, Santander claimed that a substantial part of the debt due to them under the floating charge should be treated as preferential on the grounds that they had paid employees' wages just prior to the date of liquidation.
- 4.3 Subsequently, I was advised by Santander that it had reached a full and final settlement with the directors in relation to their personal guarantees on the debt, which reduced the bank's claim to £18,018.14, all of which was claimed as preferential.
- 4.4 In normal circumstances, where a creditor's debt is paid off by a third party, in this case the directors, that third party is entitled to step into the shoes of the creditor by way of subrogation of the debt. However, as mentioned in paragraph 3 above, following the settlement with the directors, it has been confirmed that they no longer have a subrogated claim in relation to the debt that was previously due to Santander.
- 4.5 I will need to adjudicate on whether Santander have a preferential or secured claim and the quantum of that claim before paying a dividend to the preferential creditors.
- 4.6 The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. In this case, a floating charge was granted by the Company to Santander on 3 August 2010. As the charge was created after 15 September 2003, the prescribed part provisions of the legislation apply. These require that a share of the floating charge assets to be reserved for distribution to unsecured creditors as follows:
- 50% of the first £10,000 of the net property; and
 - 20% of the remaining net property, up to a maximum of £600,000

However, as mentioned above, I am looking into whether the Prescribed Part provisions apply in this case and, will advise creditors of the outcome once it has been clarified. If it turns out that Santander have a claim as a secured creditor, I will report on the quantum of the Prescribed Part to be paid to the unsecured creditors.

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Preferential creditors

- 4.7 The statement of affairs anticipated £157,305.34 in respect of preferential creditors. Employees submitted their claims to the Redundancy Payments Office (RPO) in respect of arrears of wages, holiday, notice pay and redundancy pay.
- 4.8 The RPO have submitted a claim totalling £514,730.05. Of this total debt, £135,826.97 is claimed preferentially while the remaining £378,903.08 is claimed as an unsecured creditor. Their claim has not been agreed at this stage.
- 4.9 As mentioned above, Santander are claiming the sum of £18,018.14 preferentially. Before paying a preferential dividend, I will need to adjudicate on this claim.
- 4.10 At this stage, I am not in a position to pay a preferential dividend because not all the claims have been agreed. However, I should be able to make a small dividend distribution once all the contributions have been made by the directors under the settlement agreement detailed in paragraph 3 above.

Non-preferential unsecured creditors

- 4.11 The statement of affairs included 477 unsecured creditors with an estimated total liability of £1,981,326. I have received claims from six creditors at a total of £1,344,628.
- 4.12 There are currently insufficient funds to enable a dividend to be paid to the unsecured creditors. Once the Secured Creditor position is resolved, there may be dividend to creditors under the Prescribed Part.

5. PRE-APPOINTMENT FEES

- 5.1 The creditors previously authorised the payment of a fee of £10,000 plus VAT and disbursements to Harris Lipman LLP for assistance with preparing the Statement of Affairs and convening the meeting of the creditors prior to our appointment.
- 5.2 The fee was charged on a fixed fee basis and was paid from first realisations on appointment and is shown in the enclosed receipts and payments account.

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6. JOINT LIQUIDATORS' REMUNERATION & EXPENSES

Joint Liquidators' remuneration

- 6.1 At a meeting of creditors held on 17 December 2014, it was resolved that my remuneration be fixed by reference to time properly spent by myself and my staff in attending to matters arising in the liquidation.
- 6.2 My total time costs to 16 December 2021 amount to £173,839.48, representing 691.27 hours of work at a blended charge out rate of £251.48 per hour.
- 6.3 During the reporting period, my total time costs amount to £10,201.50 representing 40.85 hours of work at a blended charge out rate of £249.73 per hour.
- 6.4 I attach at Appendix 3, a breakdown of these time costs by work category and staff grade, together with a narrative explanation of work done in the period since my last report to creditors.
- 6.5 I have drawn £167,129.50 to 16 December 2021 of which £13,100 was drawn in the reporting period and is reflected in my receipts and payments account.
- 6.6 Given the size and technical nature of the liquidation, much of the work described in the sections above was undertaken by me, a manager and a senior administrator. Additional assistance was provided by cashiers dealing with banking and statutory duties, and administrators offering various support services. All time spent on administering various duties was charged directly to the case in 6 minute units.

Professional and sub-contractors' fees, and other expenses

- 6.7 Appendix 4 provides an explanation of the categories of expenses which may be drawn from the Liquidation without creditor approval and those which require creditor approval.
- 6.8 I have incurred total expenses of £ 45,033.44 since my appointment as Liquidator of which £359.68 was incurred in the period since my last report to creditors.
- 6.9 I have drawn £40,704.29 to 16 December 2021, of which £5,574.68 was drawn in the period since my last report to creditors.
- 6.10 During the reporting period, Menzies LLP has paid £359.68 on behalf of the liquidation estate, and I have been able to reimburse £199.68 from the estate.
- 6.11 The following expenses were incurred in the period since my last progress report:

Details of expense	Amount incurred/ accrued in the reporting period
<i>Category 1 Expenses</i>	
Specific Penalty Bond	160.00
Storage of books and records	199.68

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- 6.12 Storage costs of £199.68 were incurred during this period, relating to Company records. A total of £199.68 was paid during this period.
- 6.13 The Liquidators are required to obtain by the legislation, which is based on the level of assets in the Estate. The specific penalty bond was increased during the reporting period, due to the increase in realisations.
- 6.14 Appendix 4 details the expenses I have incurred and paid in this matter.
- 6.15 Based on our knowledge of the case to date, we anticipate being able to draw our time costs and expenses, which we have estimated at £218,792.92 in full. The anticipated return to preferential and unsecured creditors is detailed in section 4 above.

7. CREDITORS' RIGHTS TO FURTHER INFORMATION AND TO CHALLENGE LIQUIDATORS' REMUNERATION AND EXPENSES

Creditors' right to request information

- 7.1 Any secured creditor, or an unsecured creditor with the support of at least 5% in value of unsecured creditors or with the leave of court, may (in writing) request me to provide additional information regarding remuneration or expenses already supplied within this report. In accordance with rule 18.9(2) of the Rules, such a request or application for leave must be made within 21 days of receipt of this report.

Creditors' right to challenge remuneration and/or expenses

- 7.2 Any secured creditor, or an unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the court, may apply to court for one or more orders under Rule 18.36(4) or 18.37(4) of the Rules. In accordance with rule 18.34(3) of the Rules such applications must be made within eight weeks of receipt of this report.

8. FURTHER INFORMATION

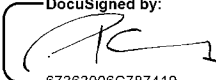
- 8.1 The Joint Liquidators are data controllers of personal data as defined by the relevant provisions of the applicable data protection legislation. Menzies LLP will act as a data processor on their instructions. Personal data will be kept secure and processed only for matters relating to the insolvency appointment. Full details of our privacy notice is at the following link: <https://www.menzies.co.uk/legal/>.
- 8.2 To comply with the Provision of Services Regulations, some general information about Menzies LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at <https://www.menzies.co.uk/legal/> and <https://www.menzies.co.uk/helping-you/business-recovery/making-a-complaint/>.

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9. CONCLUDING REMARKS

- 9.1 The liquidation will remain open until the settlement has been repaid and a dividend to preferential creditors has been distributed. I estimate that this will take approximately 18 months and once resolved, I will be in a position to conclude the liquidation.
- 9.2 I will report again on the progress of the liquidation after the next anniversary of the Liquidation or in the draft final account, whichever is earlier.
- 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 on-line, they should contact Rona Bharania by email at RBharania@menzies.co.uk, or by phone on +44 (0)207 4651916.

Yours faithfully

DocuSigned by:

67363006C787419...

Freddy Khalastchi
Joint Liquidator

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APPENDIX 1 STATUTORY INFORMATION

Company name:	AAA Management Services Limited
Company number:	05522232
Registered office:	Lynton House, 7-12 Tavistock Square, London, WC1H 9LT
Former registered office:	31-33 Sunbeam Road, Park Royal, London, NW10 6JR
Former trading address:	31-33 Sunbeam Road, Park Royal, London, NW10 6JR
Principal trading activity:	Provision of human resources
Joint Liquidators' names:	Freddy Khalastchi and Jonathan David Bass
Joint Liquidators' address:	Lynton House, 7 - 12 Tavistock Square, London, WC1H 9LT
Date of appointment:	17 December 2014
Contact details of Joint Liquidators	Rona Bharania on +44 (0)207 4651916 or at RBharania@menzies.co.uk
Details of any changes of Liquidator:	<p>There have been no changes of Liquidator during the winding up.</p> <p>Please note that on 1 July 2015, Harris Lipman LLP merged with Menzies LLP to create a practice operating under the Menzies LLP name.</p>

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APPENDIX 2

JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT

Appendix 2
AAA Management Services Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 17/12/2020 To 16/12/2021	From 17/12/2014 To 16/12/2021
ASSET REALISATIONS			
Uncertain	Trade Debtor-AAA Linen Svcs Ltd (Ad	NIL	82,881.29
Uncertain	Trade Debtor-Washing House LLP	42,000.00	50,000.00
Uncertain	Trade Debtor-Highgate Wash House L	NIL	NIL
39,511.08	Trade Debtor-AAA Linen Supplies Ltd	NIL	11,333.01
Uncertain	Staff Loans	NIL	NIL
157,106.13	HL Clients' Account	NIL	157,106.13
	Cash at Bank	NIL	919.18
	Bank Interest Gross	6.84	209.27
		<u>42,006.84</u>	<u>302,448.88</u>
COST OF REALISATIONS			
	Specific Bond	NIL	792.00
	Preparation of S. of A.	NIL	10,000.00
	Liquidators Fees	13,100.00	167,129.50
	Employee Agent Service Fees	NIL	12,015.00
	Investigation Costs	NIL	7,400.00
	Legal Fees	3,000.00	16,822.50
	Counsel Fees	2,375.00	2,375.00
	Storage Costs	199.68	995.04
	Statutory Advertising	NIL	222.75
	Search Fees	NIL	22.00
		<u>(18,674.68)</u>	<u>(217,773.79)</u>
PREFERENTIAL CREDITORS			
(157,305.34)	Employees Wage Arrears & Holiday P	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
FLOATING CHARGE CREDITORS			
(65,535.46)	Santander UK plc	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS			
(3,100.80)	Trade & Expense Creditors	NIL	NIL
(555,144.02)	Employees	NIL	NIL
(211,833.54)	DLA - H.A.Atashroo	NIL	NIL
(212,590.53)	DLA - A. Atashroo	NIL	NIL
(156,952.22)	HMRC - PAYE & NIC	NIL	NIL
(812,265.92)	HMRC - VAT	NIL	NIL
(29,439.18)	Emp. Tribunal Claim - ex-employee	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS			
(1,000.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(2,008,549.80)		<u>23,332.16</u>	<u>84,675.09</u>
REPRESENTED BY			
	Barclays Bank (IB)		84,675.09

84,675.09

Note:

All items detailed on the receipts and payments account are shown net of VAT as the Company was VAT registered and VAT has therefore been recovered for the benefit of the liquidation estate.

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APPENDIX 3

JOINT LIQUIDATORS' TIME COSTS

Classification of Work Function	HOURS					Total Hours	Time Costs £	Blended Hourly Rate £
	Partner/ Director	Manager	Senior	Administrator	Support			
Brought Forward From 16.12.2020						650.42	163,637.98	251.59
Administration & Planning	2.70	2.90	17.00	14.05	0.60	37.25	8,806.50	236.42
Realisation of Assets	-	-	0.20	-	-	0.20	50.00	250.00
Creditors	0.20	-	1.50	-	-	1.70	480.00	282.35
Investigations	1.60	-	0.10	-	-	1.70	865.00	508.82
Trading	-	-	-	-	-	-	-	-
Total Hours	4.50	2.90	18.80	14.05	0.60	40.85		
Total Costs	2,359.00	840.00	4,700.00	2,259.00	43.50		10,201.50	249.73
Total Carried Forward						691.27	173,839.48	251.48

Fees Drawn for Period Ended:

During year ended 16 December 2015	44,050.00
During year ended 16 December 2016	38,050.00
During year ended 16 December 2017	7,950.00
During year ended 16 December 2018	19,200.00
During year ended 16 December 2019	14,779.50
During year ended 16 December 2020	30,000.00
During year ended 17 December 2021	13,100.00
Total Fees Drawn to Date:	167,129.50

Balance of Time Costs Accrued but Unpaid

6,709.98

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

	From 1 October 2021	1 Oct 2020 to 30 Sept 2021
	£ per hour	£ per hour
Partner/Director	450-525	425-525
Manager	270-400	260-360
Senior	240-250	230-250
Administrator	135-200	100-205
Support Staff	105	100

Note 1 There may have been a number of promotions through the various grades during the period of the administration.

Note 2 Overhead costs are reflected in the charge out rates detailed.

Note 3 The charge-out rate of the Insolvency Practitioner for this assignment is currently £525 per hour, and the senior administrator is £250 per hour.

Note 4 Time is recorded in minimum units of 6 minutes.

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JOINT LIQUIDATORS' NARRATIVE OF WORK UNDERTAKEN IN THE PERIOD 17 DECEMBER 2020 TO 16 DECEMBER 2021

A description of the work undertaken since my last progress report is as follows:

1 Administration and planning

There are certain aspects of the case that are required by statute and for the efficient running of the case. They are not expected to provide a direct quantifiable benefit to creditors; however, without them, other aspects of the case which do provide a quantifiable benefit to creditors would be less efficient. They include:

- The maintenance of physical case files and electronic case management information.
- Periodic review of files.
- Strategic case planning and the routine administration of the case.
- Preparation of documentation and reports, dealing with correspondence and statutory advertising.

Specifically:

Reporting

- Preparation of a progress report to members and creditors for circulation following anniversary to advise upon the progress made over the year.

Cashiering

- Lodging receipts
- Preparing and processing invoices for payments
- Reconciling the bank account and producing the receipts and payments account.
- Arranging an increase in the specific penalty bonding
- Preparation and submission of VAT and corporation tax returns.

2 Asset realisations

Net asset realisations provide the financial benefit to creditors and their quantum directly contributes to any dividend ultimately available to creditors.

- Monitoring the monthly payments.

3 Investigations

Complying with statutory requirements will not necessarily produce a financial benefit to creditors but may identify potential avenues which could lead to a recovery for the benefit of creditors.

- Liaising with Freeths and Counsel in relation to claims against the former directors, the settlement and payments.

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4 Creditors (claims and distribution)

Time spent in this category included the following:

- Dealing with routine correspondence and queries and taking telephone calls from creditors.
- Maintaining creditor information on the electronic case management files as well as the physical case files.

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APPENDIX 4

JOINT LIQUIDATORS' COSTS INCURRED AND PAID

Details of Expense	Incurred / Accrued in period since last report £	Total incurred /accrued to date £	Paid in period since last report £	Total paid to date £
<u>Category 1 Expenses</u>				
Statutory advertising - various notices relating to the company have to be placed in the London Gazette	-	222.75	-	222.75
Specific penalty bonding - this is insurance required by statute that every officeholder has to obtain for the protection of each estate, with the premium being based on the value of the company's assets	160.00	952.00	-	792.00
Storage of books and records	199.68	995.04	199.68	995.04
Employee Agent Fees	-	12,015.00	-	12,015.00
Investigation Costs	-	7,400.00	-	7,400.00
Legal Fees	-	21,032.50	3,000.00	16,882.50
Legal Disbursements	-	13.30	-	-
Counsel's Fees	-	2,375.00	2,375.00	2,375.00
Search fees	-	22.00	-	22.00
Travel costs	-	5.85	-	-
Totals	359.68	45,033.44	5,574.68	40,704.29

EXPENSES

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. The term expenses also includes disbursements which are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 Expenses

Specific expenditure relating to the administration of the insolvent estate and payable to a person or persons who are not associates of the office holder is recoverable without creditor approval. Such expenditure is made if funds are available from the insolvent estate. If funds are not available, then payment is made from this firm's office account and reimbursed from the estate should funds become available.

Category 1 expenses will generally comprise external supplies of incidental services specifically identifiable to the case. Typical items include legal fees, agents' fees, sub-contractors' fees, statutory advertising, insurance of assets, search fees, specific penalty bonding, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 Expenses

These are expenses that are directly referable to the administration of the insolvent estate and are made to associates of the officeholder or have an element of shared costs.

Category 2 Expenses require creditor approval.

Menzies LLP do not as a matter of policy seek approval of, or claim any, Category 2 expenses other those which are paid to associates of the office holder.