

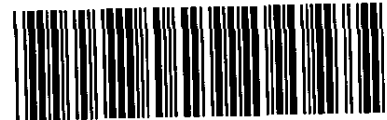
AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

MONDAY



A25 *A7KGXFEP* 10/12/2018 #161
COMPANIES HOUSE

1 Company details

Company number 0 5 9 0 7 5 2 0

Company name in full BM Tankering Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Chancery Division,
Manchester District Registry

Court case number 3 1 9 6 2 0 1 7

3 Administrator's name

Full forename(s) Kevin

Surname Lucas

4 Administrator's address

Building name/number 2 Pacific Court

Street Atlantic Street

Post town Altrincham

County/Region Cheshire

Postcode W A 1 4 5 B J

Country

Notice of move from administration to creditors' voluntary liquidation

04/17 Version 1.0

AM22

Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name^①

Full forename(s)	Elizabeth
Surname	Manley
Insolvency practitioner number	2 0 1 1 0

① Other liquidator

Use this section to tell us about another liquidator.

11 Proposed liquidator's address^②

Building name/number	2 Pacific Court
Street	Atlantic Street
Post town	Altrincham
County/Region	Cheshire
Postcode	W A 1 4 5 B J
Country	

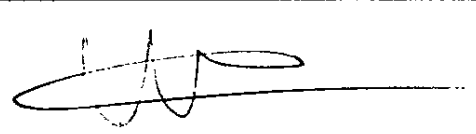
② Other liquidator

Use this section to tell us about another liquidator.

12 Period of progress report

From date	d 2 2	m 1 2	y 2 0 1 7
To date	d 0 6	m 1 2	y 2 0 1 8

13 Final progress report☒ I have attached a copy of the final progress report.**14 Sign and date**

Administrator's signature	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">X</div>  <div style="margin-left: 10px;">X</div> </div>
Signature date	d 0 6 m 1 2 y 2 0 1 8

AM22

Notice of move from administration to creditors' voluntary liquidation



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 **Alison Phillips**

Company name **Lucas Johnson Limited**

Address **2 Pacific Court**

Pacific Road

Post town **Atlantic Street**

County/Region

Postcode **A l t r i n c h a**

Country

DX

Telephone **0161 929 8666**



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 and dated 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

BM TANKERING LIMITED - IN ADMINISTRATION

Administrators' Final Progress Report pursuant to Rule 3.53 of the Insolvency (England & Wales) Rules 2016

BM TANKERING LIMITED - IN ADMINISTRATION

CONTENTS

- 1. Statutory Information**
- 2. Introduction**
- 3. Administrators' proposals**
- 4. Steps taken during the Administration**
- 5. Receipts and Payments Account**
- 6. Administrators' Remuneration, Disbursements and Expenses**
- 7. Outcome of the Administration**

Receipts and Payments account

Appendix 1

SIP 9 Time Analysis and Category 2 disbursements

Appendix 2

**Administrators' charge out rates and Category 2 disbursements
charging policy**

Appendix 3

BM TANKERING LIMITED - IN ADMINISTRATION

1. STATUTORY INFORMATION

Name of Administrators:	Kevin Lucas and Elizabeth Manley of Lucas Johnson Limited, 2 Pacific Court, Pacific Road, Atlantic Street, Altrincham, Cheshire WA14 5BJ
Act of Administrators:	The Administrators act as officers of the court and as agents of the Company without personal liability. The acts of the Administrators are being carried out by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986.
Date of Appointment:	22 December 2017
Appointed By:	Court Order
Court Reference Number:	High Court of Justice, Chancery Division, Manchester District Registry 3196 of 2017
Company Name:	BM Tankering Limited
Registered Number:	05907520
Registered Office:	2 Pacific Court, Pacific Road, Atlantic Street, Altrincham, Cheshire, WA14 5BJ
Changes in Administrator:	None
Details of Extensions:	None
EC Regulations:	The EC Regulation on Insolvency Proceedings 2000 applies and these proceedings are main proceedings as defined in Article 3 of the regulation. The centre of main interest of the Company is in England.

2. INTRODUCTION

- 2.1 Kevin Lucas and Elizabeth Manley were appointed Joint Administrators of BM Tankering Limited ("the Company") on 22 December 2017 by the Court Order pursuant to Paragraph 12 of Schedule B1 of the Insolvency Act 1986.
- 2.2 This progress report is the final progress report and is issued pursuant to Rule 3.53 of the Insolvency (England & Wales) Rules 2016. This report should be read in conjunction with the Administrator's previous report.
- 2.3 References in this report to rules and sections are, unless expressly provided otherwise, respectively references to the rules of the Insolvency (England & Wales) Rules 2016 ("Rules") and to sections of the Insolvency Act 1986 ("the Act").

BM TANKERING LIMITED - IN ADMINISTRATION

3. ADMINISTRATORS' PROPOSALS

- 3.1 The Administrators' proposals ("the Proposals") were approved by creditors on 2 March 2018.
- 3.2 The Proposals advised that the Administration was being conducted with a view of achieving the second objective of Administration, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration).

4. STEPS TAKEN DURING THE ADMINISTRATION

Sale of Business

- 4.1 As detailed in the Proposals' the Company ceased to trade and a Licence to Trade ("Licence") was granted to Enviro-Waste Limited ("EWL"), a wholly owned subsidiary of the Company, in order to be able to service the existing contracts of the Company whilst the Administrators pursued interested parties in respect of a potential sale of the business and assets and to enhance debtor realisations.
- 4.2 The Company was marketed for sale and an advert was placed on the website of Turner Parkinson solicitors, which is a site listing many going concern and distressed company sales. Being a website it has no geographical constraints in its target audience and is exposed to a wide market.
- 4.3 A Business Memo was distributed on 15 January 2018 to all interested parties which included some competitors of the Company and a deadline for all expressions of interest was set for 24 January 2018.
- 4.4 A total of five signed Non-Disclosure Agreements ("NDA") were received from individuals expressing an initial interest in the business, following which a deadline for firm offers was set for 9 February 2018. Two offers were received, following a review of the offers and from receiving advice from the Agents, an offer was accepted.
- 4.5 The solicitors were instructed to prepare a Sale and Purchase Agreement and the proposed purchaser instructed their own solicitors. In light of the impending sale being completed, the Licence was concluded and full payment of the licence fee, totalling £25,000, was received. EWL was responsible to make payment for the requisite amounts payable for the use of any goods or assets during this period and the Joint Administrators were advised these payments were paid either directly by EWL or the agreements were novated. Therefore, these payments will not appear on the receipts & payments account attached at Appendix 1.
- 4.6 Unfortunately the sale has not yet been concluded as the Administrators are advised that the prospective purchaser has not been in further contact with his solicitors to progress matters. It is therefore likely that a sale will not proceed.

Licence Fee

- 4.7 By the Licence being agreed it assisted with the continuation of the contracts which will enable the enhanced debtor realisations in respect of the book debts assigned to GC Factoring Limited.

BM TANKERING LIMITED - IN ADMINISTRATION

- 4.8 Under the terms of the Licence, EWS is to pay the costs incurred for use of the Company's assets, trading premises, all costs and or goods along with a sum of £1,000 per week. At the date of this report the sum of £25,000 has been received. No further funds are anticipated.

Trade Debtors

- 4.9 As detailed in the previous report, according to the Company's books and records the outstanding debts owed to the Company totalled £416,832. The Administrators are advised that this debtor ledger is subject to factoring facilities which involve the assignment of the Company's debts to GC Factoring Limited ("Grenke") dated 26 February 2015.
- 4.10 The Company's records indicate that the sum of £514,690 is owed to Grenke in relation to this facility; the debtor ledger is being collected directly by Grenke and is therefore not reflected on the receipts & payments account. It is currently not anticipated that there will be a surplus of funds from this source.

Connected Party Debtor

- 4.11 The Company's books and records also include a connected debtor for the sum of £592,889 from Go Tankers which is a connected business by virtue of the Director and Shareholder (Mr Edwards and Mr Thornton) as this business is being run as a partnership by them both.
- 4.12 The Joint Administrators are still in negotiations with this party in respect of the proposals for repayment.

Contribution to Costs

- 4.13 As previously reported, prior to the Administrators' appointment the Company provided a contribution to costs in the sum of £20,000.
- 4.14 The pre-appointment costs not capable of being agreed by creditors have been discharged from this sum; the balance of £15,464 was transferred to the Administration Estate Account after the period of this report to be used towards other costs incurred and authorised to be paid by creditors or the Court. These costs have been discharged.

Unlisted Investment

- 4.15 As previously explained, the Company owns the 100% shareholding in the connected company Enviro-Waste Limited. The Joint Administrators had been formally instructed to attempt to sell this business together with the Company as a going concern due to the interlinked nature of the two companies which would enhance the prospect of a sale and maximisation of price. Unfortunately, no offers were received for this company.
- 4.16 The Joint Administrators had been liaising with the director of EWL in an attempt to realise the shares in this entity, however the Joint Administrators were notified that this company was issued with a Winding Up Petition.
- 4.17 It is therefore unlikely that any sale of this business could be concluded, unless via a formal insolvency procedure.

BM TANKERING LIMITED - IN ADMINISTRATION

Chattel Assets

- 4.18 As previously explained, the Company owns chattel assets comprising Plant & Machinery, Fixtures, Fittings & Equipment and Motor Vehicles all of which are subject to lease agreements. Independent qualified chartered surveyors, JPS Chartered Surveyors ("the Agents") have compiled a schedule of the Company assets and provided a formal valuation of the chattel assets.
- 4.19 The Agents and Administrators have subsequently liaised with the respective lease and/or finance companies and all items have either been novated to another party or where the Agents have advised there is no equity or they are no longer needed, the individual finance companies have arranged collection of their items.

Miscellaneous Refund

- 4.20 The sum of £936 has been received from the Company's former insurance provider.

Future Realisations

- 4.21 Apart from the assets reported earlier in this report, the Joint Administrators are not aware of any other assets to be realised. The Joint Administrators are of the opinion that a dividend is anticipated once the remaining assets are realised and have therefore taken steps to move the Company from Administration to Creditors Voluntary Liquidation.

5. RECEIPTS AND PAYMENTS ACCOUNT

- 5.1 A Receipts and Payments account is attached at Appendix 1.

6. ADMINISTRATOR'S REMUNERATION, DISBURSEMENTS AND EXPENSES

Remuneration

- 6.1 On 2 March 2018, creditors approved the drawing of the Administrators' remuneration to be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the Company.
- 6.2 The Administrator's time costs from 22 December 2017 to 6 December 2018 total £29,222.50 and are shown in more detail in Appendix 2. This represents 127.45 hours at an average hourly rate of £229.29 and has mainly been spent on Admin & Planning and Creditors.
- 6.3 Below is further guidance on the work involved for each category:

Category	Description of work undertaken
Admin & Planning	This represents time incurred preparing the progress report for creditors, Companies House and other stakeholders. Time has also been incurred completing formal periodical reviews on the case as required by the Administrators' regulatory guidelines as well as all other internal matters in connection with the case.
Creditors	Time has been incurred liaising and responding to Creditors' enquiries and correspondence, reviewing Creditors' claims received and assisting former employees with their respective claims to the Redundancy Payments Services ("RPS") and providing the relevant information to the RPS.

BM TANKERING LIMITED - IN ADMINISTRATION

Investigations	This represents time by the Joint Administrators and their staff in order to conduct a review of the Company's books and records and submit the confidential return to the the Department of Business, Energy & Industrial Strategy.
Realisation of Assets	This represents time incurred liaising with the Agents, solicitors and respective lease/finance companies. Time has also been spent trying to realise the assets of the Company including corresponding with Grenke and their respective solicitors.

6.4 The sum of £5,000 has been drawn in respect of Administrators' remuneration in the period.

Disbursements

6.5 Administrators' disbursements are split into two categories:

- Category 1 disbursements are items of specific expenditure that are directly related to the case where exact costs can be ascertained and recharged without profit, and are usually referable to an independent external supplier's invoice.
- Category 2 disbursements are additional items of incidental expenditure that relate to the estate but are either not directly attributable or include an element of shared or allocated cost, and which are based on a reasonable method of calculation. These have been previously approved by creditors at the meeting of creditors and details of rates can be seen at Appendix 3.

6.6 No Category 1 disbursements have been incurred or paid during the reporting period.

6.7 Category 2 disbursements incurred can be seen at Appendix 2; no such disbursements have been drawn in the reporting period.

6.8 As required by Statement of Insolvency Practice Number 9, a schedule of the Administrators' charge out rates and disbursement charging policies is shown at Appendix 3. A copy of 'A Creditors' Guide to Administrators' Fees' which provides guidance on creditors' rights on how to approve and monitor a Administrator's remuneration and on how the remuneration is set is available at <http://www.lucasjohnson.co.uk/downloads/fee-guides/> Alternatively, if you require a hard copy of the Guide, please contact the Administrators' office.

Expenses

6.9 Details of the Administrators' expenses paid are shown on the receipts and payments account at Appendix 1.

6.10 There are also various expenses incurred for which payment has not yet been made. For clarity, all expenses incurred are set out below:

Expense Incurred	Name of provider	Amount incurred (£)	Amount discharged (£)	Balance Outstanding (£)
Agents Fees	JPS Chartered Surveyors	2,500.00	-	2,500.00
Agents Disbursements	JPS Chartered Surveyors	1,640.00	-	1,640.00
Legal Disbursements	Brabners Solicitors	15.00	15.00	-
Specific Bond	Marsh Limited	672.00	-	672.00
Statutory Advertising	London Gazette	144.50	144.50	-
TOTAL		4,706.50	159.50	4,812.00

BM TANKERING LIMITED - IN ADMINISTRATION

6.11 The legal disbursements of Brabners Solicitors were incurred in relation to Court fees.

6.12 The Agents fees and disbursement incurred are in relation to assisting the Administrators with their advice and assistance with the offers for the assets from interested parties, liaising with the respective finance companies to agree the timely collection of their assets.

7. OUTCOME OF THE ADMINISTRATION

Outcome for Secured Creditors

7.1 HSBC Bank Plc have the benefit of a fixed and floating charge debenture over all the assets of the Company dated 23 October 2012. The Company's records indicated the indebtedness to HSBC was approximately £22,500, HSBC have subsequently submitted a claim in the Administration for the sum of £33,265. It is expected the balance owed to HSBC will be discharged from the fixed charge asset realisations.

7.2 The Company had also previously obtained funding from an invoice discounting agreement with HSBC Invoice Factoring ("HSBCIF"). This facility was secured by a debenture dated 22 January 2013. The Administrators are advised there are no funds outstanding in relation to HSBCIF however the Certificate of Satisfaction has not been filed at the Registrar of Companies.

Outcome for Preferential Creditors

7.3 There are no preferential creditors in this matter.

Prescribed Part pursuant to Section 176A of the Act

7.4 Under Section 176A of the Act an Administrator is required to set aside a proportion of the realisations for unsecured creditors where there is a secured creditor who holds a qualifying floating charge created on or after 15 September 2003. This is known as the Prescribed Part.

7.5 The prescribed part of a company's net property is calculated as follows:

- 50% of the first £10,000 of net property;
- 20% of net property thereafter;
- to a maximum amount to be made available of £600,000

7.6 However, a liquidator is not required to set aside the prescribed part if:

- the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- the liquidator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

7.7 Although there are qualifying floating charges registered at Companies House dated 23 October 2012, as there is no liability owed to HSBCIF and it is expected the balance owed to HSBC will be discharged from the fixed charge asset realisations in this matter it is not anticipated that the Prescribed Part under Section 176A of the Act will be applicable in this case.

BM TANKERING LIMITED - IN ADMINISTRATION

Outcome for Unsecured Creditors

- 7.8 The Company's records detailed unsecured creditors of £1,086,620. As at the date of this report, claims totalling £1,871,620 have been received from unsecured creditors, the increase in claims has been as a result of additional balances owed to the respective finance and lease creditors.
- 7.9 Based on current and anticipated future realisations, there are sufficient funds available to enable a distribution to unsecured creditors. Steps will be taken to agree creditor's claims in the Liquidation proceedings.

Investigations and Directors' conduct reporting

- 7.10 The Administrators have completed their duties under the Company Directors Disqualification Act and submitted a confidential report to the Department of Business, Energy & Industrial Strategy.
- 7.11 The Administrators have undertaken investigations in accordance with Statement of Insolvency Practice 2. Statements of Insolvency Practice are issued by the bodies that oversee and authorise Insolvency Practitioners and are statements that every Insolvency Practitioner is required to follow; work will continue in the Liquidation proceedings. There are a number of transactions that are still being investigated by the Joint Administrators and at present it is uncertain whether any monies will be received for the benefit of the estate.

Creditors' rights

- 7.12 In accordance with Rule 18.34 any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors or the permission of the Court, may, where it is believed the basis or quantum of remuneration or expenses charged by the Joint Administrators are, in all the circumstances, excessive or inappropriate, apply to the Court within the prescribed period for an order adjusting the remuneration or expenses.
- 7.13 In accordance with Rule 18.9 a secured creditor, or an unsecured creditor with either the concurrence of at least 5% in value of the unsecured creditors or the permission of the Court has the right to make a request in writing to the Joint Administrators for further information about remuneration or expenses set out in this progress report. If no response is received within 14 days any creditor has the right to apply to court within the subsequent 21 day period for the Court to make such order as it thinks just.

Exit Route – Move to CVL

- 7.14 The Administrators will deliver a Notice to Move from Administration to Creditors' Voluntary Liquidation to the Registrar of Companies pursuant to paragraph 83 of Schedule B1 and Rule 3.60. The Company will move into Creditors' Voluntary Liquidation on the day this notice is registered, with the former Administrators becoming Liquidators.

Kevin Lucas
Joint Administrator

Dated: 6 December 2018

BM Tankering Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 22/06/2018 To 06/12/2018 £	From 22/12/2017 To 06/12/2018 £
	SECURED ASSETS		
346,374.00	Book Debts	NIL	NIL
		NIL	NIL
	SECURED CREDITORS		
(514,690.00)	Grenke Leasing Limited	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
Uncertain	Plant & Machinery	NIL	NIL
Uncertain	Stock	NIL	NIL
Uncertain	Unlisted Investments	NIL	NIL
444,667.00	Connected Party Debtor	NIL	NIL
40,000.00	Licence Fee	NIL	25,000.00
15,464.00	Contribution to Costs	NIL	4,536.00
	Bank Interest Gross	2.24	3.09
	Miscellaneous Refund	NIL	936.17
		2.24	30,475.26
	COST OF REALISATIONS		
	Pre Appointment Administrator's Fees	NIL	3,780.00
	Administrators Fees	5,000.00	5,000.00
	Transfer Funds to Liquidation	12,495.76	12,495.76
	VAT Reclaim to Liquidation	756.00	756.00
	Pre Appointment Legal Fees	6,500.00	6,500.00
	Pre Appointment Legal Disbursements	1,784.00	1,784.00
	Post Appointment Legal Fees & Expenses	15.00	15.00
	Statutory Advertising	NIL	144.50
		(26,550.76)	(30,475.26)
	FLOATING CHARGE CREDITORS		
(22,500.00)	HSBC Bank Plc	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(525,856.00)	Trade & Expense Creditors	NIL	NIL
(132,000.00)	Lanes PLC	NIL	NIL
(13,500.00)	Landlord	NIL	NIL
(136,061.00)	HM Revenue & Customs	NIL	NIL
(43,118.00)	Funding Circle	NIL	NIL
(67,769.00)	Finance Lease Shortfalls	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(609,989.00)		(26,548.52)	(0.00)
	REPRESENTED BY		
			NIL

Time Entry - SIP9 Time & Cost Summary

B0026 - BM Tankering Limited
All Post Appointment Project Codes
To: 06/12/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	8.80	0.00	41.10	4.05	53.95	12,732.50	236.01
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	1.50	0.00	35.20	3.80	40.60	8,787.50	216.44
Investigations	2.20	0.00	6.90	0.00	9.10	2,322.50	255.22
Pre Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.30	0.00	23.40	0.10	23.80	5,380.00	226.05
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	12.80	0.00	106.60	8.05	127.45	29,222.50	229.29
Total Fees Claimed						5,000.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary
Category 2 Disbursements

B0026 - BM Tankering Limited
To: 06/12/2018

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest.

Transaction Date	Type and Purpose	Amount
04/01/2018	Photocopying and Stationery	440.00
15/02/2018	Photocopying and Stationery Postage and Stationery Postage & Stationery	610.00
Total		1,050.00

APPENDIX 3 – ADMINISTRATORS’ CHARGE OUT RATES AND CATEGORY 2 DISBURSEMENTS

Fee Accrual

The Office Holder is the general name for the Insolvency Practitioner dealing with the case affairs.
In accordance with the Act and Rules, the Office Holder shall charge appropriate fees for dealing with the case affairs.

It is usual practice for the agreement of fees to be sought on the basis of time properly incurred in dealing with the case. However on occasion it is necessary to seek agreement of fees as a fixed percentage of assets realised and/or distributions made, or indeed a defined fixed fee.

The precise basis of how fees are to be incurred will be formally given to creditors prior to agreement being sought.

The legal agreement and basis upon which post appointment fees are agreed is determined by the relevant category of creditors, details of which are explained within the respective independent creditors’ guides to fees.

Unless otherwise advised, fees shall be drawn on account from the case funds as and when realisations allow, subject to agreement.

Estimation of Fees

Where an Office Holder wishes to seek the agreement of fees on a time costs basis, he is required to give creditors full details of not only what he believes such fees to be, but what works shall be done in relation to those fees.

Because it is quite difficult to contemplate what a case will involve before appointment, we have gathered information to work out average time required to complete similar work for this type of appointment.

The fee estimate for time costs has been proposed using average data from this review. This forms the basis of our time costs projection.

This forecast is based upon the firm's policy in relation to the projection of fees for this type of insolvency. Calculations have been made using specific details of the case such as the type of realisations, number of creditors and the anticipated duration of the case prior to closure.

Fees Charged on Fixed Fee Basis

Fixed fees are per matter. For example correspondence with creditors may be charged at a fixed rate of £50 per creditor per annum, similarly employees, directors, shareholders may all be charged on a fixed cost basis per annum. Any costs shown for these fees should not usually change from that guide provided.

Fees on a Percentage Basis

Where it is intended that fees be drawn on a percentage basis, for example the realisation of assets, or the distribution of funds, these fees can only be calculated on the amount of funds to be dealt with. This final fee may therefore be lower than that information provided in our guide or indeed not at all.

Contingent Fees

Contingent fees (where applicable) are those which are only payable on the recovery of a windfall and the later distribution to creditors where a dividend can be paid. All contingent fees, whether for the recovery of a windfall or contingent asset are fixed at 20%.

All future distributions are to be charged at 10%, irrespective of whether the initial forecast shows a distribution to be payable.

Fee Basis

In order to simplify information, the basis for post appointment fee shall simply be referred to as our Fee Policy.

Staff

Each member of staff involved with the case will time charge on an individual basis. The hourly cost of each member of staff shall be calculated in accordance with their experience and resultant grade within the practice.

In view of the complexity of the work involved, it is not practice policy to use sub contractors, however we reserve the right to do so should the case require. Details of any sub contractor used and the reasons why shall be provided within the respective statutory report SIP 9 detail.

VAT

Services provided by Insolvency practitioners are subject to VAT, except when acting as Nominee or Supervisor of an estate.

Our fees will be subject to VAT at the appropriate rate.

Where the case is not registered for VAT, VAT shall be shown as an irrecoverable expense of the estate.

Disbursements

Every case dealt with will incur expenses in addition to fees.

Expenses will cover a number of areas, such as advertising, insolvency practitioner insurance and legal fees.

Where the Office Holder or his firm pays these out of their own funds (e.g. the firm's office account) these will be classed as Disbursements. The Office Holder is required to explain the amount and nature of such disbursements whenever a formal abstract of accounts is produced.

Regulations require that we separate category 1 and 2 disbursements for your information. An explanation of which is as follows:

Category 1 Disbursements:

Category 1 disbursements are expenses directly attributable to the case, where exact costs can be ascertained and recharged without profit. These can, but are not limited to, include insolvency bonds, advertising, company searches, post redirection orders, postage, external room hire, external storage as well as public transport and accommodation costs incurred by staff whilst attending to the administration of the estate.

Category 2 Disbursements

Category 2 disbursements are additional overheads that relate to the estate but are either not directly attributable to it, or the exact cost is not ascertainable and therefore cannot be precisely recharged. These expenses include, inter alia, stationery, photocopying and storage costs.

Any authorised category 2 disbursements which have been charged shall be shown in the statutory abstract of accounts

The following are a current schedule of category 2 disbursements which may (*) be charged by Lucas Johnson

- Mileage shall be recharged at 50pence per mile
- Destruction of boxes shall be recovered as a category 1 expense; and
- Storage of books and records at £30 per box per annum
- Fixed charge for the issue of each circular at £10 per relevant party per annum.
- Internal meeting room (where required) charged at £50 per hour or part thereof.

(*) Lucas Johnson does not ordinarily recover all category 2 disbursements, but reserves the right to do so, where such disbursements are substantial and appropriate sanction has been obtained.

The following items of expenditure will normally be treated as general office overheads by the Office Holder and will not be charged to the case:

- Telephone and facsimile
- Printing and photocopying
- Stationery
- Email addresses or telephone numbers set up and used exclusively for the case
- Destruction of boxes

Disclosure of Use of Connected Parties

Please note that where it is necessary to use the services of an external agent who is associated to the Office Holder's business by way of common directors and/or shareholders, it is advised by law, that this shown as a category 2 disbursement. Kindly note that no additional profit element will be charged in regard to these services, if applicable. At the effective date of this policy, the Office Holder had no connection with any external agent.

Charge Out Rates

A table of current hourly charge out rates are provided below:

Charges for usual cases	(£)
Partner/Director/Consultant	350
Manager/Senior Manager	250-275
Assistant Manager	225
Administrator/Senior Administrator	150-200
Cashier^(#)	100
Junior and Support Staff	100

(#) Please note that time charged by our cashiers relates only to accounting matters relevant to the case.

The basis upon which the Office Holder determines the appropriate charge out rate on the complexity of the case is detailed in the respective independent creditors' guides to fees, available to download from our company website or by email from this office.

Further, the Office Holder reserves the right to uplift both the hourly rates and category 2 disbursements periodically without further recourse to the creditors. By law, such increases must be disclosed to creditors within each statutory report.

Support Staff

In an effort to minimise costs to the case, it is necessary to use support staff to undertake certain matters. Support staff time is charged in the same manner as technical staff on the rates outlined above.

Recording of Fees

Time is formally recorded in prescribed categories in units of 6 minutes. All units of time properly spent, shall be recorded on a formal time management system and retained throughout appointment, irrespective of the basis of fees.

Reporting of Fees

All reports and correspondence detailing fees incurred and indeed drawn will provide the legal basis upon which fees have been incurred and from whom sanction was given in relation to those fees.

Such information shall be contained within statutory progress reports and be in the prescribed form. When providing such a report, under existing insolvency regulations, creditors are able to request further and better particulars of fees and disbursements where they believe further explanation is required.

The exact basis of how requisite members and creditors may request such information will be attached with each statutory progress report subsequently issued.

Code of Ethics

We are required to advise you at the earliest opportunity, that we are bound by the Code of Ethics of our regulator ICAEW.