

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 0 6 4 5 8 9 7 6

Company name in full Synaptix Technologies Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Michael

Surname Durkan

3 Liquidator's address

Building name/number G2 Montpellier House

Street

Post town Montpellier Drive

County/Region Cheltenham

Postcode G L 5 0 1 T Y

Country

4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6 Period of progress report

From date	^d 3	^d 0	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9
To date	^d 2	^d 9	^m 1	^m 0	^y 2	^y 0	^y 2	^y 0

7 Progress report

☐ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 2	^d 1	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0
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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 **Michael Noakes**

Company name **Durkan Cahill**

Address **Suite G2**

Montpellier House

Post town **Montpellier Drive**

County/Region **Cheltenham**

Postcode **G L 5 0 1 T Y**

Country

DX

Telephone **01242 250 811**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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

Synaptix Technologies Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £	From 30/10/2019 To 29/10/2020 £	From 30/10/2018 To 29/10/2020 £
	ASSET REALISATIONS	
	Bank Interest Gross	254.71
	Bank Interest Net of Tax	NIL
1,562.76	Book Debts	NIL
65,513.62	Cash at Bank	137.82
	Goodwill	NIL
900.00	Office Furniture & Equipment	NIL
21,600.00	Work in Progress	NIL
		392.53
	COST OF REALISATIONS	
	Liquidator's Expenses	NIL
	MGR Appraisals Ltd	NIL
	Petitioner's Costs	NIL
	Pre-appointment Expenses	NIL
		(2,736.15)
	PREFERENTIAL CREDITORS	
(43,223.95)	Employee Arrears/Hol Pay	NIL
		NIL
	UNSECURED CREDITORS	
(26,840.00)	Connected Parties	NIL
(89,987.24)	Directors	NIL
(68,028.55)	Employees	NIL
(49,293.56)	HM Revenue & Customs - PAYE	NIL
(74,953.90)	HM Revenue & Customs - VAT	NIL
(22,702.43)	HM Revenue & Customs (CT)	NIL
(2,335.63)	The People's Pension	NIL
(32,209.78)	Trade & Expense Creditors	NIL
		NIL
	DISTRIBUTIONS	
(2.00)	Ordinary Shareholders	NIL
		NIL
(320,000.66)	392.53	73,880.35
	REPRESENTED BY	
	Bank 1 Current	3,087.92
	Bank 1 Deposit	70,552.43
	Vat Receivable	240.00
		73,880.35



Michael Durkan
Liquidator

Synaptix Technologies Limited in Creditors' Voluntary Liquidation

2nd Annual Progress Report

21 December 2020

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9. Conclusion

APPENDICES

1. Liquidator's receipts and payments account
2. Practice Fee Recovery Policy

Liquidator's Name and Address:

Michael Durkan
Durkan Cahill, Suite G2 Montpellier House
Montpellier Drive
Cheltenham
GL50 1TY

Telephone: 01242 250811

Fax: 01242 227191

Web: www.durkancahill.com

Email: mpd@durkancahill.com

1. INTRODUCTION

- 1.1 I write further to the creditors' meeting held on 30 October 2018.
- 1.2 The purpose of this report is to detail my acts and dealings together with the conduct of the liquidation since that meeting and should be read in conjunction with my previous progress report.

2. BACKGROUND

- 2.1 The members' and creditors' meetings were held on 30 October 2018 when I was appointed liquidator of the Company.
- 2.2 The Company's registered office is Suite G2 Montpellier House, Montpellier Drive, Cheltenham, GL50 1TY. The Company registration number is 06458976.
- 2.3 The Company's former registered office was previously at Unit 2 Forge Works, Northampton Road, Weston-On-The-Green, Bicester, OX25 3AB. This was also the former trading address.
- 2.4 The Company's principal activity was the installation and maintenance of IT software in the telecoms industry.
- 2.5 The directors attributed the Company's failure to two areas. They moved away from a daily involvement and suffered a significant loss of earnings following the merger of a major client.

3 ASSET REALISATIONS

- 3.1 The following assets have been dealt with in the first year of my appointment. As such no work has been undertaken in the 12 month period covered by this report. The work undertaken in the previous reporting period is repeated below for ease of reference and to give context to the rest of this report, in particular to the fees that have been charged to this case to date.

Goodwill and Office Furniture & Equipment

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

- 3.2 In accordance with SIP 13, I am obliged to provide creditors with a proportionate and sufficiently detailed justification of why a sale to a connected party was undertaken, including the alternatives considered. This disclosure must be made in the next report to creditors following the sale. The information was therefore provided in my first report to creditors, but is repeated below for ease of reference:
- 3.3 On 30 October 2018, I sold the above assets of the Company to Tele247 Limited, a Company connected with the Directors for £2,000 plus VAT. The interest shown by the connected Company, and the connection between the two, was disclosed to creditors prior to the liquidation.
- 3.4 On 24 October 2018, a valuation of the assets of the Company was prepared by James Gregory AssocRICS of MGR Appraisals Limited, an independent firm of valuers who have confirmed that they hold Professional Indemnity Insurance.

- 3.5 Details of the different categories of assets, their valuations and the sums realised are listed below:

Asset category	Valuation basis & amount		Sale Consideration
	Willing buyer, £	Break-up, £	£
Goodwill	Not valued	Not valued	1,000
Office equipment	3,000	900	1,000
Total	<u>3,000</u>	<u>900</u>	<u>2,000</u>

- 3.6 The 'willing buyer' or 'in-situ' value is the estimated amount for which an asset or assets should exchange between a willing buyer and a willing seller in an arm's length transaction whereby the assets will be sold as a whole and will remain in their existing place and location following sale.
- 3.7 The 'break-up value' or 'ex-situ' is the estimated amount for which an asset should exchange between a willing buyer and a willing seller in an arm's length transaction with the assumption that the assets will be removed from their existing location following sale.
- 3.8 It was reported to creditors prior to the liquidation that the Company's filed accounts do not show Goodwill as an asset but some interest had been received from a connected party in acquiring it. As a result it was not shown as an asset in the statement of affairs, nor valued due to the Company's pending insolvency, but any realisation in respect of Goodwill would be reported in full to creditors.
- 3.9 Prior to completing a sale I discussed the offer to purchase the assets with MGR Appraisals. They advised that the offer of £2,000 for the goodwill and tangible assets represented the best realisation of assets in the circumstance and far greater than they would expect to realise in a break up situation by either auction, tender or private treaty after their costs.
- 3.10 The sum of £2,400 including VAT was received at the beginning of November 2018.

Book Debts

- 3.11 The Company's book debts of £28,661.08 included a majority debtor in the sum of £26,577.40, who also went into insolvent liquidation. That Company is VOCA Telemarketing Limited, an associated Company by way of common director and shareholder.
- 3.12 The liquidation commenced in April 2018 and following my appointment I submitted a claim in the liquidation. The level of assets on the statement of affairs indicated a dividend would be likely and I can confirm a dividend of 6.75p in the £, equating to £1,794.33, was received in August 2019. No further dividends are anticipated.
- 3.13 The remaining book debts of £2,083.68 are divided between four companies and were written down on the statement of affairs by a general provision of 25%, giving an estimated to realise value of £1,562.76.
- 3.14 Following my appointment I wrote to the book debtors and have been successful in recovering £1,843.68 in the first 12 months of my appointment. The receipts represent a 100% recovery following evidence that one book debt in the sum of £240.00 had already been paid.
- 3.15 Several letters and emails were exchanged with the three debtors before payments were received, but this was all achieved without the assistance and costs of instructing agents.

Work in Progress

- 3.16 The Work in Progress relates to ongoing maintenance and installations completed in September and October 2018 that were not due for payment under the terms of contract with the single customer when the Company entered liquidation.
- 3.17 Upon my appointment as liquidator, I agreed with the directors that the best approach would be for the customer to pay the liquidator direct, leaving the purchaser of the Company's goodwill and assets to make its own separate enquiries with a view to working with the customer in the future.
- 3.18 Following my appointment I asked the directors to clarify the current position with regards to invoices submitted to the customer and work undertaken prior to the liquidation. This was provided and the directors made arrangements with the former customer to make payment direct to the liquidator.
- 3.19 However, months passed and the payment had still not been received despite repeated chasing by both myself and the directors. It was clear the customer, Sky Business, had not understood the situation and was experiencing problems processing the Company's purchase orders and invoices, and this was the sole reason for the delay.
- 3.20 It was not until 4 June 2019, some 7 months after liquidation commenced, that the sum of £24,450.17 was received.
- 3.21 I have continued in my efforts to realise the following asset during the 12 month period covered by this report. In order to give context, I have repeated details of the work done the previous period below, and full details of the work done in the last 12 months are provided from paragraph 3.27.

Cash at Bank

- 3.22 Prior to liquidation the Directors advised that the sum of £65,513.62 was held in the Company's bank account and it was expected to be realised in full.
- 3.23 After giving the Co-operative Bank notification of the liquidation, it confirmed the sum of £50,481.93 was being held in the Company's current accounts and there was a debit balance of £2,924.45 on the Company's visa charge card.
- 3.24 As a result, I only expected to receive the net amount of £47,557.48 after the Co-operative Bank used its right to set-off. After 3 months of chasing, a lower than anticipated sum of £46,098.90 was received. It transpired that the Company's visa charge account increased to £4,318.87 by the end of November 2018, a month after the Company entered liquidation.
- 3.25 I have been asking the Co-operative Bank to forward all credit card statements connected to the visa charge account so that I can establish whether the additional debt was incurred prior to or after commencement of the liquidation. If the latter I will be asking the bank to remit those deductions to the liquidation estate. It may be that the additional debt was incurred during October 2018 and credit card statements for that month were applied to the account some time in November 2018, but to date I have no evidence of this.
- 3.26 Despite several promises, I am not in receipt of the statements requested and a formal complaint has been submitted.
- 3.27 In the last 12 months I continued to write to the Co-operative Bank and I eventually received the statements in January 2020. Following a review of the statements in connection with the company's charge card, I made a refund claim in the sum of £137.82 in respect of spending and charges applied after liquidation.
- 3.28 The amount was received on 27 February 2020.

Miscellaneous Receipts

- 3.29 I advised in my first annual report that since May 2019 the balance of funds were no longer held in an interest bearing estate bank account.
- 3.30 After taking into account the sums held on account, an interest account was opened in March 2020 and £70,297.72 has been deposited into that account during the period of this report. Bank interest of £254.71 (gross of tax) has been received in the 12 month period to 29 October 2020 on funds held in the interest bearing account.
- 3.31 My Receipts & Payments Account is attached at Appendix 1.

4 INVESTIGATIONS

- 4.1 As previously advised, in accordance with Statement of Insolvency Practice 2 I have undertaken an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.
- 4.2 Tasks undertaken in respect of my initial investigations included:
- Recovering, listing and reviewing the Company's accounting records
 - Obtaining and reviewing copy bank statements for the six months prior to the Company ceasing to trade to identify any antecedent transactions
 - Comparing the information in the Company's last set of accounts with that contained in the statement of affairs, and making enquiries about the reasons for any changes.
 - Receiving enquiries from and dealing with matters brought to my attention by creditors or other third parties
 - Making enquiries of and obtaining information from officers of the Company
- 4.3 No matters of concern have been raised by any creditors in this case.
- 4.4 I advised in my first annual report that there were matters that justified further investigation in the circumstances of this appointment. I further advised that these relate to potential actions that may lead to further recoveries being made in the liquidation, and more specifically, are in respect of a large number of transactions between the company and the directors since the last formal accounts, who showed themselves as creditors on the statement of affairs for approximately £90,000.
- 4.5 My investigations with the directors and their advisors have continued in the last 12 months. In this period, my solicitors and I have communicated with the directors, their solicitors who then stopped acting for them in August 2020, and subsequent to this the directors' new advisor. We have also held a meeting with the directors and their new advisor in September 2020.
- 4.6 I do not consider it appropriate to report on the specific details at this stage, as doing so could adversely affect the outcome. However, what I can advise is that claims amounting to £193,909.79 have been made against the directors, and proceedings have been drafted in the event that a settlement outside of court cannot be agreed. In October 2020, following our meeting, the directors advanced a settlement offer.
- 4.7 I have asked for evidence in support of that offer so that I can give it its full consideration and the directors are in the process of obtaining this information.

- 4.8 As previously advised, within three months of my appointment as Liquidator I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work that may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I confirm that my report was submitted on 28 January 2019.

5 CREDITORS' CLAIMS

Secured Creditors

- 5.1 The Company did not have any secured creditors.

Preferential Creditors

- 5.2 The preferential claims of employees as recorded on the statement of affairs amounted to £43,223.95.
- 5.3 A claim in the sum of £31,972.91 has been received from the Insolvency Service in respect of preferential elements of claims paid to employees by the Redundancy Payments Office.

Non-preferential Creditors

- 5.4 Unsecured creditors, as per the statement of affairs totalled £366,351.09.
- 5.5 A total of 21 creditors have submitted claims to date with an aggregate value of £501,241.30.
- 5.6 Please be advised that no work has been undertaken in respect of agreeing non-preferential creditors' claims to date as the prospects of a dividend becoming payable are uncertain.

6. DIVIDEND PROSPECTS

Preferential creditors

- 6.1 Based on current known information about assets and liabilities I think that it is likely that preferential creditors will be paid 100p in the £.

Ordinary unsecured creditors

- 6.2 Based on current known information about assets and liabilities I am hopeful that a small dividend will be paid to the unsecured creditors but it is dependent on my actions against the directors.

7. COSTS AND EXPENSES

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

Pre-appointment costs and expenses

- 7.4 The agreed fee payable to Durkan Cahill in the sum of £5,000 plus VAT for preparing the Statement of Affairs and for arranging the decision procedure for creditors to appoint a liquidator is yet to be paid.
- 7.5 £4,500.00 plus VAT out of that fixed fee was charged in connection with preparing the Statement of Affairs. £500.00 plus VAT out of that fixed fee was charged in connection with holding the creditors' meeting
- 7.6 My approved pre-appointment expenses included the following, which are yet to be paid in full:

	Incurred, £	Paid, £	Not yet paid, £
Category 1			
Postage & Copying (3 rd Party)	98.12	0.00	98.12
Statutory Advertising	71.25	71.25	0.00
Category 2			
Room Hire	70.00	0.00	70.00
Professional Costs			
Agent's fee	<u>1,200.00</u>	<u>1,200.00</u>	<u>0.00</u>
	<u>1,439.37</u>	<u>1,271.25</u>	<u>168.12</u>

- 7.7 The agent's fee is in respect of the valuation of assets provided by MGR Appraisals Limited ('MGR') for the purposes of preparing the Statement of Affairs, as well as advice provided on the offer received in respect of the proposed purchase of the Company's assets. This work was completed on a fixed fee basis, and the fee charged is reflective of the qualification and expertise of the agent undertaking the work.
- 7.8 At the meeting of creditors I estimated that the agent's costs would be £500 and in my first report to creditors reported the same. This was only an estimate. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of this case.

Post-appointment costs and expenses

- 7.9 Following my appointment, creditors were invited to form a committee however there were insufficient nominations and none was formed.
- 7.10 My remuneration was therefore authorised by the creditors on 12 December 2018 via a decision by correspondence on a combination of a fixed fee and a percentage of asset realisations basis. I was also authorised to re-charge category 2 disbursements.
- 7.11 I am authorised to draw a fixed fee of £20,000 plus VAT for undertaking work in respect of all statutory and regulatory obligations as described in my first report to creditors.
- 7.12 I am also authorised to draw an element of my remuneration on a percentage basis for undertaking work in respect of asset realisations and agreeing creditor claims. I am authorised to charge 20% of realisations. Based on the realisations made to date I am entitled to remuneration of £15,323.30 plus VAT in addition to my fixed fee of £20,000 plus VAT.
- 7.13 I have not drawn any remuneration to date.
- 7.14 Expenses incurred to date total £918.86 of which £28.00 (Records Storage) was incurred in the 12 month period to 29 October 2020. Expenses of £562.50 have been paid to date, none of which was paid in the 12 month period to 29 October 2020.

7.15 Details of the expenses incurred and recovered from the funds held are as follows;

	Estimated, £	Incurred, £	Paid, £	Not yet paid, £
Category 1				
Land Registry Search Fee	0.00	3.00	0.00	3.00
Postage & Copying (3 rd Party)	45.90	39.36	0.00	39.36
Specific Penalty Bond	420.00	420.00	420.00	260.00
Statutory Advertising	142.50	142.50	142.50	0.00
Category 2				
Records Storage	<u>28.00</u>	<u>54.00</u>	<u>0.00</u>	<u>28.00</u>
	<u>636.40</u>	<u>658.86</u>	<u>562.50</u>	<u>96.36</u>

7.16 Included in this table are the expenses that I estimated would arise in addition to that which had been incurred at the time of my first report to creditors. Creditors will note that the expenses I have incurred in this matter have now exceeded the total expenses that I estimated I would incur when my remuneration was authorised by creditors. This is because, as stated at the time of my first report and in my first annual report, the estimates did not take into account the administration of the liquidation taking longer than 12 months. Additional storage costs have therefore been incurred in the second year of the liquidation.

7.17 I know that the total expenses I will incur in this matter will further exceed the total expenses incurred to date. There will be an additional storage charge of £28.00 and an additional expense of £260.00 will be charged in relation to the specific penalty bond as a result of the directors making a settlement offer. If a dividend does become payable, there will also be additional statutory advertising and postage costs.

7.18 I have used the following agents or professional advisors:

Professional Advisor	Nature of Work	Fee basis	Incurred, £	Paid, £
HCR	Solicitors	Time costs	13,603.50	0.00
Freeths LLP	Solicitors	Time costs	<u>3,200.00</u>	<u>0.00</u>
			<u>16,803.50</u>	<u>0.00</u>

7.19 At the time when my remuneration was authorised by creditors, no solicitors had been instructed. As a result, no estimate was provided to creditors. HCR, who started acting for me in March 2020, and continue to do so, provided a costs estimate of £2,500 to £5,000 for pre-action and £15,000 to £50,000 in the event proceedings are issued.

7.20 Their time costs to 29 October 2020 far exceed the estimate provided when instructed. This is because HCR have been required to spend significantly more time than envisaged reviewing a range of transactions between the company and the directors, which make up the liquidator's claim of £193,909.79, the majority of which are disputed by the directors and have therefore required further review. In addition to this, HCR have had to repeat and re-confirm a number of issues to the directors and their solicitors, as well as attend a meeting with a view of progressing matters.

7.21 Freeths LLP were originally instructed to assist with my investigations in November 2019 before stepping aside in March 2020 after they identified an ethical threat. During their time as my appointed solicitors, they assisted with my direct communications with the directors and communicated with the directors appointed solicitors.

7.21 The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them.

- 7.22 I have reviewed the fees charged to date and for reasons stated above I am satisfied that they are reasonable in the circumstances of this case, although no agreement has been made with either firm until the outcome of my investigations are complete.

8. FURTHER INFORMATION

- 8.1 An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.
- 8.2 An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.
- 8.3 Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://durkancahill.com/helpful-information-faqs/> under the heading "Guides". There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet. A hard copy of both documents can be obtained on request from this office.
- 8.4 To comply with the Provision of Services Regulations, some general information about Durkan Cahill, including about our complaints policy and Professional Indemnity Insurance, can be accessed at <http://durkancahill.com/helpful-information-faqs/> under the heading "Guides".
- 8.5 Durkan Cahill uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation. You can find more information on how Durkan Cahill uses your personal information on our website at <http://durkancahill.com/privacy-policy/>.

9. CONCLUSION

- 9.1 I shall be continuing my administration of the liquidation in order to continue with my investigations before declaring dividends to creditors. I am unable to estimate how long these matters will take as it depends on the terms of any settlement agreed with the directors, assuming a settlement is agreed, or failing that, the length of time it takes to instigate and complete formal proceedings.
- 9.2 Progress reports will continue to be issued annually until such time as the above matters are concluded, and once resolved the Liquidation will be finalised and our files will be closed.
- 9.3 If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available online, they should contact Michael Noakes on 01242 250811 or by email at mike.n@durkancahill.com.



Michael Durkan
Liquidator

APPENDIX 1

Liquidator's receipts and payments account

Synaptix Technologies Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £	From 30/10/2019 To 29/10/2020 £	From 30/10/2018 To 29/10/2020 £
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	PREFERENTIAL CREDITORS	
(43,223.95)	Employee Arrears/Hol Pay	NIL
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	UNSECURED CREDITORS	
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(89,987.24)	Directors	NIL
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(2,335.63)	The People's Pension	NIL
(32,209.78)	Trade & Expense Creditors	NIL
		NIL
	DISTRIBUTIONS	
(2.00)	Ordinary Shareholders	NIL
		NIL
(320,000.66)	392.53	73,880.35
	REPRESENTED BY	
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	Bank 1 Deposit	70,552.43
	Vat Receivable	240.00
		73,880.35



Michael Durkan
Liquidator

APPENDIX 2

Practice Fee Recovery Policy

PRACTICE FEE RECOVERY POLICY FOR DURKAN CAHILL

Introduction

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

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

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

Time cost basis

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

Chargeout Rates

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

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

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

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

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

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

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

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

Percentage basis

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

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

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

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

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

Fixed fee

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

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

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

Members' Voluntary Liquidations and Voluntary Arrangements

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

All bases

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

Agent's Costs

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

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

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

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

Disbursements

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

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

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

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

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