

Liquidator's Progress Report

S.192

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

To the Registrar of Companies

Company Number

06532743

Name of Company

KDJ Developments Limited

I / We

Jamie Taylor, The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex, SS1 2EG

Vincent Green, 4 Mt Emphraim Road, Tunbridge Wells, Kent, TN1 1EE

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

The Progress Report covers the period from 14/01/2013 to 13/01/2014

Signed

Date

10/3/14

Begbies Traynor (Central) LLP
The Old Exchange
234 Southchurch Road
Southend on Sea
SS1 2EG

Ref KD004CVL/JT/DTC/DCF/ZLB

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Appendix 1

**KDJ Developments Limited
(In Liquidation)**

JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT

For the period 14 January 2013 to 13 January 2014

	Statement of Affairs £	From 14/01/2013 To 13/01/2014 £
RECEIPTS		
Secured Assets		
Freehold Land	200,000 00	Nil
Secured Creditors		
The Royal Bank of Scotland	(65,230 42)	Nil
Asset Realisations		
Cash at Bank	-	2 25
Contractual Balances	Uncertain	Nil
Retentions	Uncertain	Nil
Breach of Contract	Uncertain	Nil
Tax Refund	Uncertain	Nil
Performance Bond	60,000	60,000 00
Miscellaneous Refund	-	352 50
	<u>194,769 58</u>	<u>60,354 75</u>
PAYMENTS		
Costs of Realisations		
Specific Bond		160 00
Preparation of S of A		6,000 00
Joint Liquidators' Fees – BT		2,567 60
Joint Liquidators' Fees – CCWRS		7,000 00
Joint Liquidators' Cat 1 Disbursements – CCWRS		46 92
Re-direction of mail		60 00
Statutory Advertising		245 70
Insurance of Assets		106 00
Creditors		
Preferential Creditors	(11,233 16)	Nil
Unsecured Creditors	(1,659,504 81)	Nil
Contributories		
Shareholders	(2 00)	Nil
	<u>(1,670,739 97)</u>	<u>16,186 12</u>
Net Receipts/(Payments)	(1,475,970 39)	44,168 63
MADE UP AS FOLLOWS		
Bank 1 Current - Handelsbanken		44,168 63
		<u>44,168 63</u>

KDJ Developments Limited (in Liquidation)
("the Company")

**Joint Liquidators' Annual Progress Report to Members and Creditors for the
year ending 13 January 2014**

Statutory Information

Company Name	KDJ Developments Limited
Registered Number	06532743
Registered Office	4 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE
Former Registered Office(s)	1st Floor Rear Office Suite, Tudor Cottages, Footscray High Street, Sidcup, DA14 5HN
Joint Liquidators and Liquidators' Addresses	Vincent John Green of CCW Recovery Solutions LLP ("CCWRS") 4 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE Jamie Taylor of Bebbies Traynor (Central) LLP ("Bebbies") The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex, SS1 2EG
Date of Appointment	14 January 2013

Period of the Report

This report covers the period from 14 January 2013, the date on which the liquidation of the Company commenced, to 13 January 2014

Division of Duties

Following the appointment of the Joint Liquidators it was agreed that there would be specific functions carried out by each Liquidator and their staff. The division of duties are that Vincent Green and his staff will have responsibility for the general administration of the liquidation, recovery of assets and case accounting whilst Jamie Taylor and his staff will deal with the investigations and creditor matters.

Liquidation Committee

At the Meeting of Creditors held on 14 January 2013 a Liquidation Committee was established, which was duly constituted on 29 January 2013 with a membership of 5 creditors, comprising

- 1) Greentherm Mechanical Services Limited
- 2) AVW Electrical Contractors Limited
- 3) Patton Drylining Services Limited
- 4) EU Drylining Limited
- 5) Richard Boast Associates Limited

Receipts and Payments Account

Our receipts and payments account for the period 14 January 2013 to 14 January 2014 is attached at Appendix I. We would provide additional comments as follows:

Receipts and Assets Remaining to be Realised

Freehold Land

There is a piece of freehold land shown in the Statement of Affairs with an estimated to realise value of £200,000. Following appointment this land was marketed by the Joint Liquidators' jointly appointed agents, Edward Symmons LLP and Winterhill Largo PLC and an offer of £226,000 was received. However, following investigation into the land and from correspondence received from a resident in a neighbouring property, it was discovered that a restrictive covenant, predating 23 January 1933, existed which restricted the number of dwellings permitted on the land to one. This negated the planning permission previously obtained by the Company and potentially reduced the value of the land.

SGH Martineau LLP ("SGH"), solicitors, who have been instructed in relation to the conveyancing, were requested to assist with this covenant with a view to either removing this from the property title or obtaining an indemnity insurance policy to protect any potential purchaser. At present Counsel's advice is awaited which will enable a decision to be made as to how the land is to be dealt with and whether the benefit of the planning permission can be retained. NatWest Bank PLC, the secured creditor has a charge over the property and its amount outstanding and due to the bank is £65,230¹

If sold with the restriction in place it is estimated that the selling price will effectively halve which would result in realisations of approximately £110,000

Cash at Bank

There was a small residual balance of £2.25 held in a current account not regularly used by the Company

Contractual Balances, Retentions and Breach of Contract

The directors were of the opinion that there were considerable contractual balances due to the Company. Robert Pearce Associates ("RPA"), quantity surveyors, were appointed, initially by the Company prior to liquidation, to provide their opinion on the likely level of realisations and to assist in maximising recoveries.

Their services were retained by the Joint Liquidators and a fee arrangement based on a percentage of realisations was agreed. They corresponded with the contractors with a view to agreeing the sums due to the Company. However, the contractual balances due are highly contested and Gullands Solicitors have been instructed to pursue these balances, with the continued assistance of RPA. We are presently awaiting their view on the likely level of success of any action against the parties, and at present the estimated realisations remain uncertain.

Counter Claims

From the report produced by Whitehead Monckton, who were the solicitors acting for the Company prior to liquidation, it is apparent that the counter claims initiated by the Company have little chance of success and would be uneconomic to continue due to the Company's present position and therefore the Joint Liquidators will not pursue these further.

Tax Refund

The Statement of Affairs indicated that the Company was possibly due a tax refund. However, the quantum of HM Revenue and Customs ("HMRC") claim was uncertain. Following appointment the Joint Liquidators corresponded with the Company's accountant, but further to the receipt of claims from HMRC it was evident that Crown right of set off would extinguish any refund due as HMRC are a net creditor in the liquidation.

Performance Bond

Upon appointment there was the refund of a performance bond due to the Company which was realised in full for £60,000.

Miscellaneous Refund

The sum of £352.50 was realised as a result of the refund of a prepayment to a training provider.

Other Assets

Antecedent transactions

From the accounting records of the Company there appear to be a number of possible antecedent recoveries which are presently being investigated with the assistance of SGH, who have also been authorised to commence litigation against the parties in question by the Liquidation Committee.

To avoid prejudicing the outcome no further detail can be provided at this time, however, details of any actions taken will be provided once finalised.

Associated Company Loans

The sums of £1,710 20 and £33,779 44 are shown in the Company records to be due from the associated companies P&K Tyres Limited and KDJ Recruitment Limited respectively. Following discussions with Keith Jarvis, a director of both these companies and the Company, he has instructed Duff & Phelps, insolvency practitioners, to represent him.

They have claimed that the amount due from P&K Tyres Limited should be offset and have supplied a copy of several invoices to substantiate this claim. However, the validity of these invoices has been called into question and subsequently no further comments have been received in respect of the amount owing. Formal demand has been made, however striking off action has been commenced by Companies House due to P&K Tyres Limited failing to meet its filing obligations and all correspondence is being returned as "addressee gone away". It therefore appears that this balance will prove to be irrecoverable.

The monies owed by KDJ Recruitment Limited appear to be unrealisable, as that company is not trading. However, following the last meeting of the Liquidation Committee it was agreed that the winding up of KDJ Recruitment Limited could be pursued in an attempt to recover the sums due. SGH have therefore been instructed to commence this action.

Payments

Insolvency Bond

The Joint Liquidators are required to hold a specific bond for the value of the assets under their control. In this instance the premium for the bond was £160, which has been paid.

Re-direction of mail

£60 was paid to the Royal Mail for postal redirection from the former trading address of the Company.

Statutory Advertising

The sum of £245 70 has been paid in respect of statutory advertising.

Insurance of Assets

The Joint Liquidators have a duty to protect the assets of the Company therefore open cover insurance was obtained for the tangible assets of the Company and a premium of £106 has been paid in respect of this cover. The cover is ongoing and will be cancelled once the land is sold.

Statement of Affairs Fee

At the initial meeting of the liquidation committee, held on 20 February 2013, the following resolution was passed:

"That the costs of CCW Recovery Solutions LLP in connection with convening the meetings of shareholders and creditors, and assisting the directors with the preparation of their report and Statement of Affairs, approved by the directors in the sum of £6,000 plus VAT and disbursements, be approved and paid as an expense of the liquidation from the first available assets."

We confirm that these fees were paid in full following our appointment and are shown on the enclosed receipts and payments account.

Joint Liquidators' Fees - CCWRS

At the initial meeting of the liquidation committee, held on 20 February 2013, the following resolution was passed in relation to the Joint Liquidators' on-going fees:

"That the Joint Liquidator's fees (CCWRS) will be charged by reference to the time properly spent by the Joint Liquidator and his staff in dealing with the matters relating to the liquidation. The Joint Liquidator's time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Fees may be drawn on account from time to time."

Our time costs for the period to which this report relates, being 14 January 2013 to 13 January 2014, amount to £28,554 plus VAT against which we have drawn fees of £7,000 plus VAT to date. £715 plus

VAT relates to costs incurred in communicating with Begbies and will be written off by CCWRS
Therefore net costs of £20,839 plus VAT remain to be charged and will be drawn in due course

A schedule further detailing our time costs incurred for the period to which this report relates, being 14 January 2013 to 13 January 2014, is attached as Appendix 2

Some of the charge-out rates of CCWRS' staff have changed over the course of this matter, as set out below

	From 01/10/2012 to 31/12/2013	From 01/01/2014 to date
Partner (office holder)	£300	£300
Senior Manager	£200	£200
Manager	-	£175
Assistant Manager	£150	£150
Insolvency Senior	£140	£140
Insolvency Semi-Senior	£100	£100
Insolvency Cashier	£100	£100
Trainee/Support staff	£50	£50

A further summary of the current charge-out rates and disbursements is attached to this report, together with details of how to obtain guides to insolvency practitioners' fees and best practice information. Should you require hard copies of any of these documents, please contact this office

Joint Liquidators' Fees – BEGBIES TRAYNOR (CENTRAL) LLP

Begbies Traynor (Central) LLP's remuneration has been fixed by the liquidation committee at a meeting held on 20 February 2013 by reference to the time properly given by Jamie Taylor (as liquidator) and the various grades of his staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the liquidation and Begbies Traynor (Central) LLP are authorised to draw disbursements, including disbursements for services provided by Begbies Traynor (Central) LLP (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with Begbies Traynor (Central) LLP's policy, details of which accompanied the Statement of Affairs and other information presented to the meeting of creditors convened pursuant to Section 98 of the Act and which is attached at Appendix 2 of this report

Begbies Traynor (Central) LLP time costs for the period from 14 January 2013 to 13 January 2014 amount to £40,892 50 which represents 171 40 hours at an average rate of £260 03 per hour

The following further information in relation to Begbies Traynor (Central) LLP's time costs and disbursements is set out at Appendix 2

- ☐ Table of time spent and charge-out value for the period 14 January 2013 to 13 January 2014
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To 13 January 2014, Begbies Traynor (Central) LLP have drawn the total sum of £2,567 50 on account of their remuneration, against total time costs of £40,892 50 incurred since the date of appointment

To 13 January 2014, Begbies Traynor (Central) LLP have not drawn any disbursements

We can advise that £16,477 of the time costs listed relate to our Contentious Insolvency Division's, who are part of Begbies Traynor Group. Our CID have been assisting with investigations into the Company's affairs. We can advise that our Contentious Insolvency Division's remuneration was also fixed by the liquidation committee by reference to time properly given at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy

A description of the work undertaken in the Liquidation is as follows

- 1 Administration and Planning
 - Preparing documentation required
 - Dealing with all routine correspondence
 - Maintaining physical case files and electronic case details on IPS
 - Case bordereau
- 2 Statutory Matters
 - Preparing the documentation and dealing with the formalities of appointment
 - Statutory notifications and advertising
 - Preparing reports to members and creditors
- 3 Case Accounting
 - Maintaining and managing the liquidators' cashbook and bank account
 - Ensuring statutory lodgements and tax lodgement obligations are met
- 4 Strategy/Case Review
 - Case planning
 - Periodic case reviews
 - Correspondence between Joint Liquidators
- 5 Tax & VAT
 - Dealing with HMRC correspondence
 - Submission of Tax & VAT forms to HMRC for the Liquidation period
- 6 Investigations
 - Scheduling books and records and copying server files
 - Investigating antecedent transactions and collating supporting evidence
- 7 Realisation of Assets
 - Liaising with Key Appraisal Limited regarding the desktop valuation and disposal of assets
 - Liaising with SGH and Gullands solicitors in respect of the recovery of balances due
 - Liaising with RPA regarding the realisation of contractual balances
- 8 Creditors
 - Dealing with Liquidation Committee matters
 - Preparing reports to creditors
 - Liaising with secured creditor
 -

Joint Liquidators' Disbursements - CCWRS

Our total disbursements to the date of this report amount to £125 67 plus VAT The following disbursements have been paid in full

Category 1 disbursements – £40 92 for postage and £6 00 for online publication of reports to creditors

Category 2 disbursements – None

There are unpaid disbursements comprising £73 16 for travel, a category 1 disbursement, and £5 59 for mileage, a category 2 disbursement, at the date of this report

Begbies Traynor (Central) LLP Disbursements

We are obliged to provide creditors with a breakdown of our firms disbursements, which have been charged as follows -

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Bonding	Insolvency Risk Services	157 50	0 00	157 50
Travel Expenses	Begbies Traynor (Central) LLP	127 08	0 00	127 08
		284 58	0 00	284 58

Liabilities

Details of the sums owed to each class of the Company's creditors were provided in the director's statement of affairs included within the report sent to creditors further to the appointment of liquidators

To date creditor claims have been received in the sum of £267,501 54

Dividend Prospects

Secured Creditor

It presently appears likely that the secured creditor, NatWest Bank PLC, will receive payment in full from their fixed charge held over the Company's freehold land

Other Creditors

At present it is uncertain whether a dividend will be available to any other class of creditor, pending the outcome of attempts to realise other assets, as detailed earlier in this report

Investigation

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, as explained in the report circulated at the meeting of creditors convened pursuant to Section 98 of the Act, such report having also been sent to creditors following the meeting, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. Begbies Traynor can confirm that they have discharged their duties in these respects.

Investigations carried out to date

Begbies Traynor have undertaken an initial assessment of the manner in which the business was conducted prior to the liquidation of the Company and potential recoveries for the estate in this respect.

The joint liquidators are furthering their investigations into the affairs of the Company and have liaised with the liquidation committee where needs be in this regard. Further information will not be provided at this time due to avoid prejudicing the company's interests.

Further Information

The following agents and solicitors have been utilised in this matter

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Fee Arrangement</u>
Key Appraisal Limited	Valuation and sale	Agreed fee
SGH Martineau LLP	Conveyancing & recovery of antecedent transactions	Time Costs
Gullands Solicitors	Recover contractual balances	Time Costs
Robert Pearce Associates	Recover contractual balances	Percentage of Realisations
Edward Symmons LLP	Marketing and sale of land	Agreed fee arrangement
Winterhill Largo PLC	Marketing and sale of land	Agreed fee arrangement

The choice of professionals was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them. The fees charged will be reviewed by the Joint Liquidators, and agreed by the Liquidation Committee and secured creditor where relevant.


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.

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 Liquidators' fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

Summary

The liquidation will remain open until asset realisations have been concluded, which, due to anticipated litigation involved, appears likely to continue for at least a further 12 months.

Should you have any queries regarding this matter please contact Ian Goodhew on 01892 700200.


Jamie Taylor
Joint Liquidators

Dated 12 February 2014

Vincent John Green and Jamie Taylor are licensed to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association.

Appendix 1

**KDJ Developments Limited
(In Liquidation)**

**JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT
For the period 14 January 2013 to 13 January 2014**

	Statement of Affairs £	From 14/01/2013 To 13/01/2014 £
RECEIPTS		
Secured Assets		
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Secured Creditors		
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Joint Liquidators' Fees – CCWRS		7,000 00
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Shareholders	(2 00)	Nil
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Net Receipts/(Payments)	(1,475,970 39)	44,168 63
MADE UP AS FOLLOWS		
Bank 1 Current - Handelsbanken		44,168 63
		<u>44,168 63</u>

SIP9 Detailed Time Cost Summary for the period 14 January 2013 to 13 January 2014

	Partner	Manager	Case Administrators	Total Hours	Time Costs Incurred £	Average Hourly Rate £
Administration & Planning	18.50	8.30	44.30	71.10	11,499.50	161.74
General Administration	4.00	2.50	14.70	21.20	3,062.50	144.46
Tax and VAT		0.25	0.90	1.15	120.00	104.35
Legal/Litigation			2.00	2.00	200.00	100.00
Statutory Matters	11.00	2.00	5.60	18.60	4,260.00	229.03
Case Accounting		2.65	3.00	5.65	817.00	144.60
Strategy/Case Review	3.50		17.10	20.60	2,760.00	133.98
Property Related		0.90	1.00	1.90	280.00	147.37
Investigations			2.75	2.75	137.50	50.00
SIP2/CDDA			2.75	2.75	137.50	50.00
Realisation of Assets	20.00	0.25	49.95	70.20	11,045.00	157.34
Book Debts	7.00		19.40	26.40	4,040.00	153.03
Furniture and Equipment			2.15	2.15	215.00	100.00
Other	13.00	0.25	22.40	35.65	6,190.00	173.63
Stock			6.00	6.00	600.00	100.00
Creditors	5.50	6.15	26.55	38.20	5,156.50	134.99
Unsecured	2.00	2.65	0.25	4.90	847.50	172.96
Committee	3.50	3.25	25.90	32.65	4,219.00	129.22
Secured		0.25	0.40	0.65	90.00	138.46
Case Specific Matters			7.15	7.15	715.00	100.00
Begbies Traynor Correspondence			7.15	7.15	715.00	100.00
Total Hours	44.00	14.70	123.80	6.90		
Total Costs Incurred					28,553.50	150.76

Joint Liquidators' fees drawn by CCWRS in accordance with time cost resolution approved at the first meeting of the liquidation committee held on 20 February 2013 in respect of the fees incurred during the year 14 January 2013 to 13 January 2014

7,000.00

Average hourly rate £	205 00	205 00	205 00	205 00	205 00	205 00
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CCW RECOVERY SOLUTIONS LLP**CHARGE-OUT RATES AND DISBURSEMENTS**

The table below sets out the charge-out rates utilised by CCW Recovery Solutions for charging staff time -

Partner	£300 per hour
Senior Manager	£200 per hour
Manager	£175 per hour
Assistant Manager	£150 per hour
Insolvency Senior	£140 per hour
Insolvency Semi-Senior	£100 per hour
Insolvency Cashier	£100 per hour
Trainee/support staff	£50 per hour

It should be noted that the above rates may increase from time to time over the period of the administration of each insolvency case, but this information will be included in periodic statutory reports to creditors. Time is charged in six minute units.

Category 1 disbursements will be charged at the actual cost at which they are incurred, for example statutory advertising and records storage.

Category 2 disbursements, that is those which are paid to CCW Recovery Solutions, will be on the following basis, once the appropriate approval has been obtained -

Photocopying	Re-charged at 10p per sheet
Internal room hire	Charged at £50 per meeting held at CCW offices
Company searches	£15 per corporate case
Mileage	Charged at 45 pence per mile

Effective from 1 January 2014

Further information relating to insolvency practitioners' fees and their required practice published by the Association of Business Recovery Professionals can be found on the Insolvency Practitioners Association website www.insolvency-practitioners.org.uk

Hover over Regulation and Guidance located to the right of the option ribbon on the home page and select 'Creditors Guides to Fees'. This information is also relevant to members of companies in both solvent liquidations and insolvency procedures.

The option of Regulation and Guidance will display the following information, and the relevant links in this case are highlighted to assist you.

The Creditors' Guides to Fees provide explanations of creditors' rights with regard to insolvency practitioners' fees. They explain how an insolvency practitioner seeks approval of his fees, what information a creditor can expect to receive, and what a creditor can do if he is dissatisfied with the level of a practitioner's fees.

The Guides form appendices to Statement of Insolvency Practice 9, which sets out required practice for insolvency practitioners. The full text of SIP9 can be found by clicking onto the link to SIPs on the left hand side of this page

Guides for England & Wales

- Administration
- Administration (Pre 6 April 2010)
- Bankruptcy
- Bankruptcy (Pre 6 April 2010)
- Liquidation
- Liquidation (Pre 6 April 2010)
- Voluntary Arrangement
- Voluntary Arrangement (Pre 6 April 2010)
- Administrators Fees (November 2011)
- Liquidators Fees (November 2011)
- Trustee in Bankruptcy Fees (November 2011)
- Voluntary Arrangement Fees (November 2011)

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

OFFICE HOLDERS EXPENSES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories

- *Category 1 expenses (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 expenses (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors may be charged by some offices and is charged at the rate of £100 (London £150) per meeting. External meeting room usage is charged at cost.
- Car mileage is charged at the rate of 45 pence per mile.
- *Expenses which should be treated as Category 2 disbursements (approval required)* - in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements. The

following items of expenditure which relate to services provided by entities within the Begbies Traynor Group are to be charged to the case (subject to approval)

- Storage of books and records (when not rechargeable as a *Category 1 expense*) is charged by Archive Facilities (Southend) Limited, an associated company. The rates applying as at the date of this report are: Minimum charge of £40 per quarter for up to three boxes, Four to Two Hundred Boxes charged at £11 per quarter per box, over two hundred boxes are charged at half the aforementioned price, (£5.50 per box per quarter). Mileage for collection of books and records is charged at 55p per mile. Provision of cardboard box charged at £2.75 per box. Where Archive Facilities (Southend) Limited are required to physically pack the books and records, there is a minimum charge of 2 hours at £15 per hour per person required, and at £15 per hour for each hour thereafter. All figures stated are net.
- BTG Asset Consulting may be engaged to undertake valuations and/or disposal of assets. BTG Asset Consulting is a part of Begbies Traynor Group plc and is therefore an associated company. Their charges are based on 15% of realisations or time costs at a Partner rate of £125 per hour and Manager rate of £100 per hour. A separate charge will be levied for any valuations to be provided at a fixed fee of £500 + VAT. Disbursements are charged at cost and mileage is recovered at 40p per mile. All figures stated are net of VAT.
- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Southend-on-Sea office are as follows:

Charge-out Rate (£ per hour)		
Grade of staff	From 01 May 2011	01 July 2008 to 01 May 2011
Partner	495	450
Partner 2	N/A	395
Director	395	375
Senior Manager	365	350
Manager	315	300
Assistant Manager	270	250
Senior Administrator	235	220
Administrator	185	180
Junior Administrator	160	150
Support	160	150

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff. Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

¹ Statement of Insolvency Practice 9 (SIP 9) - Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

² Statement of Insolvency Practice 9 (SIP 9) - Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)