

LIQ03

Notice of progress report in voluntary winding up



Companies House

TUESDAY



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A68Y1G4P

20/06/2017

#222

COMPANIES HOUSE

1	Company details	
Company number	0 6 8 8 0 7 0 9	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Lancashire Tea Limited	
2	Liquidator's name	
Full forename(s)	Guy Charles David	
Surname	Harrison	
3	Liquidator's address	
Building name/number	7th Floor Dashwood House	
Street	69 Old Broad Street	
Post town	London	
County/Region		
Postcode	E C 2 M 1 Q S	
Country		
4	Liquidator's name ①	
Full forename(s)	Paul James	① Other liquidator Use this section to tell us about another liquidator.
Surname	Pittman	
5	Liquidator's address ②	
Building name/number	7th Floor Dashwood House	② Other liquidator Use this section to tell us about another liquidator.
Street	69 Old Broad Street	
Post town	London	
County/Region		
Postcode	E C 2 M 1 Q S	
Country		

LIQ03

Notice of progress report in voluntary winding up

6 Period of progress report

From date	^d 0	^d 7	^m 0	^m 5	^y 2	^y 0	^y 1	^y 6
To date	^d 0	^d 6	^m 0	^m 5	^y 2	^y 0	^y 1	^y 7

7 Progress report

☐ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X 

X

Signature date

^d 1	^d 5	^m 0	^m 6	^y 2	^y 0	^y 1	^y 7
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LIQ03

Notice of progress report in voluntary winding up

**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 **Guy Charles David Harrison**

Company name **Price Bailey LLP**

Address **7th Floor Dashwood House
69 Old Broad Street**

Post town **London**

County/Region

Postcode **E C 2 M 1 Q S**

Country

DX

Telephone **0207 065 2660**

**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

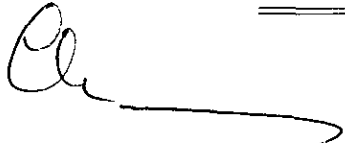
This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Lancashire Tea Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 07/05/2016 To 06/05/2017 £	From 07/05/2013 To 06/05/2017 £
	ASSET REALISATIONS		
51,600.00	Plant & Machinery	NIL	85,000.00
200.00	Office Equipment	NIL	NIL
500.00	Motor Vehicles	NIL	NIL
250.00	Stock	NIL	NIL
30,000.00	Book Debts	NIL	24,381.82
	Goodwill	NIL	5,000.00
	VAT Refund	NIL	1,855.33
20,796.00	Cash at Bank	NIL	21,758.28
	Rent	NIL	2,250.00
	Refund on Deposit	NIL	600.00
	Bank Interest Gross	5.09	63.86
	Fuel	NIL	(277.22)
	New Cap Dev - Electricity	NIL	(787.48)
		5.09	139,844.59
	COST OF REALISATIONS		
	Commission for book debt collection	NIL	3,370.37
	Commission for sale of Machinery	NIL	8,000.00
	Rent deposit	NIL	2,250.00
	Utility charges	NIL	645.25
	Payment for stock used	NIL	1,324.77
		NIL	(15,590.39)
	COST OF ADMINISTRATION		
	Corporation Tax	3.00	11.99
	Agents Fees	175.00	1,483.28
	Liquidator's Fees	5,185.00	23,185.00
	Liquidator's Expenses	410.23	1,103.65
	Preparation of S of A	NIL	6,000.00
	Vehicles	NIL	(700.00)
	Suppliers	NIL	2.40
	Bank Charges	NIL	209.32
	Petty Cash	NIL	231.53
	Haulage	NIL	263.98
	Statutory Advertising	77.00	77.00
	Insurance of Assets	NIL	281.03
	VAT Liability	NIL	NIL
	VAT Surcharge	NIL	NIL
		(5,850.23)	(32,149.18)
	PREFERENTIAL CREDITORS		
	Preferential Creditors	NIL	200.76
		NIL	(200.76)
	FLOATING CHARGE CREDITORS		
(366,237.00)	Floating Charge Creditor	6,523.68	71,523.68
		(6,523.68)	(71,523.68)
	UNSECURED CREDITORS		
(131,553.00)	Trade & Expense Creditors	20,380.58	20,380.58
(7,458.00)	Employees	NIL	NIL

Lancashire Tea Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 07/05/2016 To 06/05/2017 £	From 07/05/2013 To 06/05/2017 £
(4,089.00)	HM Revenue & Customs	NIL	NIL
1,520.00	HM Revenue & Customs	NIL	NIL
		(20,380.58)	(20,380.58)
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(404,571.00)		(32,749.40)	(0.00)
	REPRESENTED BY		NIL



 Guy Charles David Harrison
 Joint Liquidator

14 June 2017

To: All Members & Creditors

Lancashire Tea Limited – In Creditors' Voluntary Liquidation
Formerly Brabco 912 Limited
LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS

For the period 7th May 2013 to 6th May 2017

STATUTORY INFORMATION

Company name:	Lancashire Tea Limited
Registered office:	Price Bailey LLP 7 th Floor Dashwood House 69 Old Broad Street, London EC2M 1QS
Former registered office:	Speke Boulevard Liverpool Merseyside L24 9HZ
Registered number:	06880709
Joint Liquidators' names:	Guy Charles David Harrison and Paul James Pittman
Joint Liquidators' address:	7th Floor Dashwood House, 69 Old Broad Street, London, EC2M 1QS
Joint Liquidators' date of appointment:	7 May 2013
Actions of Joint Liquidators'	Any act required or authorised under any enactment to be done by a Liquidator may be done by either or both of the Liquidators acting jointly or alone.

LIQUIDATORS' ACTIONS SINCE LAST REPORT

I would refer to my previous report to creditors and as you will be aware a settlement was reached in respect of a claim from a former employee of the Company, which was admitted in the Liquidation. A dividend under the terms of the "Prescribed Part" was declared to the unsecured non-preferential creditors.

As all the assets in the Liquidation have been realised, I am now in a position to finalise the administration of the case. A draft final report will be sent out to the creditors in the next few weeks.

14 June 2017

To: All Members & Creditors

There is certain work that I am required by the insolvency legislation to undertake work in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last progress report is contained below:-

1. Administration

- Convening and holding general meetings of creditors and members (as applicable).
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing annual progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

2. Creditors

- Obtaining information from the case records about employee claims.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Issuing a notice of intended dividend and placing an appropriate gazette notice.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.
- Paying tax deducted from the dividends paid to employees.

RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the period from 7 May 2013 to 6 May 2017 is attached, which shows a nil balance.

ASSETS

Plant & Machinery

The Plant and Machinery comprised primarily of a tea bag processing machine and associated tea and packaging equipment, which had an estimable realisable value of £51,600. I instructed Paul Needham to act as my agent to sell this equipment as he was already aware of some interested parties, who were

14 June 2017

To: All Members & Creditors

interested in purchasing these assets. I would confirm that Mr Needham was a former director of the Lancashire Tea Limited, but he was in a best position to achieve a better sale for the creditors.

It was agreed that Paul Needham would be paid a commission 10% based on the sums realised for the equipment and the total sale of these assets was £85,000 plus VAT.

Office Equipment

The office equipment was estimated to realise £200, but this was found to have little value and as a result the offer of £200 was accepted for this asset. No further realisation will be received from this source.

Motor Vehicles

The Statement of Affairs disclosed a Motor Vehicle with an estimated to realise value for £500. This was a Mitsubishi L200 Elegance and it was independently valued and subsequently sold to Paul Needham for £500.

Stock

The stock comprised of printed packaging materials and had no realisable value.

Book Debts

The trade debtors were estimated to have a realisable value of £30,000 and I instructed Security Change Limited to act as my Agent as regards the collection of the book debts and it was agreed that he would be paid 10% of gross realisation plus expenses.

I confirm that £24,381.82 has been realised and that there will be no further realisation from this source.

Cash at Bank

According to the Statement of Affairs, there was £20,796 in the Company's bank account and a sum of £21,758.38 has been realised. No further realisation will be made from this source.

Goodwill

Paul Needham, the former director of the Company made an offer to purchase the trading name of "Lancashire Tea" and after due consideration, we accepted his offer of £5,000, which sum has now been paid in full.

VAT Refund

£1,855.33 was reclaimed from HM Revenue & Customs in respect of expenses incurred during the Liquidation. A further VAT reclaim will be submitted in due course.

Refund on fuel deposit

£600 was received from Fuel Card Services Limited in respect of the deposit on the fuel card.

14 June 2017

To: All Members & Creditors

LIABILITIES

The attached Receipts and Payments account gives a breakdown of the costs associated in realising the assets of the Company and these are, I believe, self explanatory.

Commission for collection of book debts

Security Change Limited was asked to act as my agent in the collection of the book debts and their fee was agreed as 10% of the gross realisation plus expenses. I confirm that £3,370.37 has been paid to him in that respect.

Commission for sale of Machinery

Paul Needham was asked to act as our Agent as regards the sale of the tangible assets of the Company, including the plant & machinery and a fee was agreed as 10% of gross realisation, plus expenses and fuel charges. I confirm that £8,000 has been paid to him in respect of the assets realised to date. He was not however paid commission in respect of the remaining assets sold.

Payment for stock used

£1,324.77 was paid to Boxes (GH) Limited in respect of their stock of tea, which was used by the Company immediately before it was placed into Liquidation.

Agent's Fees

£195 was paid to Insol Employee Solutions Limited for their professional services in processing the employees' claims.

£900 was paid to Delta Total Solutions Limited for clearing the Lancashire Tea warehouse of rubbish.

£213.28 was paid to Security Change Limited in respect of the expenses incurred on the disposal of the residue equipment and stock at the Company warehouse.

Other expenses

£12,848.44 was paid to HM Revenue & Customs in respect of the post Liquidation VAT returns.

£4.79 was paid to HM Revenue & Customs regarding the tax liabilities post Liquidation.

£281.03 was paid to AUA Insolvency Risk Services Limited being the insurance premium for the insurance of the tea equipment.

14 June 2017

To: All Members & Creditors

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies showed that the Company has given a debenture to Gresham House plc, which gave that Company fixed and floating charges. The charge was created on 7 December 2009 and was registered within the statutory period. Gresham House plc has submitted a claim of £336,237.20, which claim has been formally agreed.

On 5 September 2013, I declared a first interim distribution to the floating charge holders of 14.87p in the £, totalling £50,000.

On 9 December 2014, I declared a second interim dividend to the floating charge holders of 4.46p in the £, amounting to £15,000.

On 11 July 2016, I declared a final dividend to the floating charge holders of 1.94p in the £, amounting to £6,523.68.

Preferential Creditors

There were believed to be no preferential creditors, but a claim was received from the Secretary of State for £200.76 in respect of ex employees' claims and which claim was found to be valid and has been paid in full.

Crown Creditors

The statement of affairs showed sums of £4,089 as being owed to HMRC in respect of PAYE. A claim was received from HMRC for £3,928.79 in respect of PAYE and NIC underpayments.

Non-preferential unsecured Creditors

The statement of affairs included 39 unsecured creditors with an estimated total liability of £143,100, which includes:

- | | |
|-------------------------------|----------|
| • trade and expense creditors | £131,553 |
| • HMRC (PAYE) | £ 4,089 |
| • employees' claims | £ 7,458 |

I have received claims from creditors totalling £265,568.86. I have not received claims from creditors, with original estimated claims of £4,734.54.

DIVIDEND PROSPECTS

Preferential creditors

Preferential creditors' claims were in respect of ex employees' claims for arrears in wages and outstanding holiday pay and on 5 September 2013, I declared a first and final dividend to preferential creditors of 100p in the £. The amount distributed was £200.76.

14 June 2017

To: All Members & Creditors

Floating charge creditors

Gresham House plc holds a debenture over the Company's granting to them fixed and floating charges. On 5 September 2013, I declared an interim dividend to the floating charge holders of 14.87p in the £. The amount distributed was £50,000. On 9 December 2014, I declared an interim dividend to the floating charge holders of 4.46p in the £, amounting to £15,000. On 11 July 2016, I declared a final dividend to the Floating Charge creditor of 1.94p in the £, amounting to £6,523.68.

Non-preferential unsecured creditors

Following the third anniversary, a dividend was paid to the unsecured non-preferential creditors under the terms of the "prescribed Part" on 9 June 2016. The total amount being distributed was £20,380.58 which is 7.80p in the £ on agreed claims totalling £20,380.58. The Company's net property was £86,904.26, such that the prescribed part of the net property was £20,380.58. I have distributed this sum at the rate of 7.80 pence in the £ to non-preferential unsecured creditors

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

An initial investigation into the Company's affairs has been undertaken to establish whether there were any *additional potential asset recoveries or conduct matters that justify further investigation, taking account of the public interest, potential recoveries, and the funds likely to be available to fund an investigation, and the costs involved.* There were no matters that justified further investigation in the circumstances of this appointment.

Within six months of my appointment as Joint 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, which may indicate that the conduct of any past or present Director would make him unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

PRE-APPOINTMENT REMUNERATION

The creditors previously authorised the payment of a fee of £6,000 plus VAT and disbursements for my assistance with preparing the statement of affairs and convening and holding the meeting of creditors at a meeting held on 7 May 2013. This fee has been paid.

LIQUIDATORS' REMUNERATION

My remuneration was previously authorised by the creditors at a meeting held on 7 May 2013 to be drawn on a time costs basis. My total time costs to 6 May 2017 amount to £49,925.60, representing 292.50 of hours work at an average charge out rate of £170.69 per hour, of which £7,430.80, representing 44.40 of hours work, was charged in the period since 7 May 2016, at an average charge out rate of £167.36 per hour.

I have drawn £23,185 to date of which £5,185 was drawn in the period since 7 May 2016.

A schedule of my time costs incurred to date and in the period since 7 May 2016 is attached.

14 June 2017

To: All Members & Creditors

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/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, together with an explanatory note which shows Price Bailey LLP's fee policy are available at the link www.pricebailey.co.uk/creditors. A copy is also attached for creditors' information.

LIQUIDATORS' EXPENSES

I have incurred expenses to 6 May 2017 of £929.58 of which £83.10 was incurred in the period since 7 May 2017.

I have drawn £1,103.65 to date of which £410.23 was drawn in the period since 7 May 2016. These include the closing costs of the Liquidation, which are statutory advertising, photocopying costs and postage.

I have incurred the following expenses in the period since my last progress report:

Type of expense	Amount incurred/ accrued in the reporting period
Postage	£51.00

I have incurred the following category 2 disbursements in the period since my last progress report:

Type of category 2 disbursement	Amount incurred/ accrued in the reporting period
Photocopying	£32.10

I have used the following agents or professional advisors in the reporting period:

The choice of professionals previously 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. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of this case.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Liquidators' remuneration and expenses within 21 days of their 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 unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Joint Liquidators as being excessive, and/or the basis of the Joint Liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their

14 June 2017

To: All Members & Creditors

receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Price Bailey LLP can be found at www.pricebaile.co.uk/legal.

COMPLAINTS

At Price Bailey we always strive to provide a professional and efficient service, however we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. We undertake to look into any complaint carefully and promptly, and to do all we can to explain the position to you. If we have given you less than satisfactory service, we undertake to do everything reasonable to put it right. Any complaint should be referred initially to the Insolvency Practitioner responsible for our services to you. If you do not receive an acceptable response you should contact the Head of Compliance at Price Bailey LLP, Causeway House, 1 Dane Street, Bishops Stortford, CM23 3BT.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner. Alternatively you can send an email to ip.complaints@insolvency.gsi.gov.uk; or you may phone 0845 602 9848 - calls are charged at between 1p and 10.5p per minute from a land line, or for mobiles, between 12p and 41p per minute if you're calling from the UK.

SUMMARY

As mentioned above, as all the assets have been realised in the Liquidation and final dividends have been paid, I am now in a position to finalise the administration of the case. A final report will be sent out to the members and creditors in the next two weeks.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Vedeena Haulkhory by email at vedeena.haulkhory@pricebailey.co.uk, or by phone on 020 7382 7440.

Yours faithfully



G.C.D. HARRISON MIPA MABRP

JOINT LIQUIDATOR

Authorised to Act in the UK by the Insolvency Practitioners Association

For and on behalf of

PRICE BAILEY LLP

LANCASHIRE TEA LIMITED
(In Creditors' Voluntary Liquidation)

Summary of Receipts and Payments account for the period
7th May 2013 to 6th May 2017

	Notes	Statement of Affairs	Period From 07/05/13 to 06/05/2016	Period From 07/05/2016 to 06/05/2017	Cumulative Total
RECEIPTS		£	£	£	£
Plant & Machinery		51,600.00	85,000.00	-	85,000.00
Office Equipment		200.00	200.00	-	200.00
Motor Vehicles		500.00	500.00	-	500.00
Stock		250.00	-	-	-
Book Debts		30,000.00	24,381.82	-	24,381.82
Cash at Bank		20,796.00	21,758.28	-	21,758.28
Goodwill			5,000.00	-	5,000.00
VAT Refund			1,855.33	-	1,855.33
Refund on Fuel deposit			600.00	-	600.00
VAT Payable			17,140.00	-	17,140.00
Bank Interest Gross			58.77	5.09	63.86
VAT Control account			-	2671.04	2,671.04
		<u>103,346.00</u>	<u>156,494.20</u>	<u>2,676.13</u>	<u>159,170.33</u>

PAYMENTS

Less: Costs associated with recovering assets

Commission for collection of book debts			3,370.37	-	3,370.37
Commission for sale of Machinery			8,000.00	-	8,000.00
Fuel charges			277.22	-	277.22
Utility charges			645.25	-	645.25
Payment for stock used			1,324.77	-	1,324.77
Electricity Charges payable to New Cap Dev			787.48	-	787.48
Agent's Fees			1,308.28	175.00	1,483.28
Insurance of assets			281.03	-	281.03
Petty Cash			231.53	-	231.53
Suppliers' costs			2.40	-	2.40
Haulage			263.98	-	263.98

Other Expenses

Bank charges			209.32	-	209.32
VAT Liability			13,848.44	-	13,848.44
Corporation Tax Liability			8.99	3.00	11.99
Statutory Advertising			-	77.00	77.00
VAT Receivable			5,962.60	-	5,962.60

Remuneration

Statement of Affairs fee	1		6,000.00	-	6,000.00
Joint Liquidators' Fees	2		18,000.00	5,185.00	23,185.00
Joint Liquidators' Expenses	3		693.42	410.23	1,103.65

Creditors

Preferential creditors			200.76	-	200.76
Floating charge creditor- 14.87p in the £			65,000.00	6,523.68	71,523.68
Trade and Expense Creditors			-	20,380.58	20,380.58
			<u>126,415.84</u>	<u>32,754.49</u>	<u>159,170.33</u>

BALANCE HELD IN INTEREST BEARING LIQUIDATION ACCOUNT

			30,078.36	(30,078.36)	-
			<u>156,494.20</u>	<u>2,676.13</u>	<u>159,170.33</u>

Notes

1. The Statement of Affairs fee was approved at a fixed fee of £6,000 plus VAT and disbursements at a meeting of Creditors on 7th May 2013.

2. The Joint Liquidators' fee was approved on a time costs basis by a meeting of creditors on 7th May 2013.

3. Breakdown of Disbursements

	Incurring Period 07/05/13 to 06/05/16	Paid Period 07/05/16 to 06/05/2017	Incurring Period 07/05/16 to 06/05/2017	Paid Period 07/05/16 to 06/05/2017	Incurring Period 07/05/16 to 06/05/2017	Paid Period 07/05/16 to 06/05/2017
	£	£	£	£	£	£
Category 1 Disbursements						
Postage	249.68	204.32	51.00	129.58	300.68	333.90
Statutory Advertising	253.8	253.80	-	77.00	253.80	330.80
Liquidators' Insurance Bond	40.00	40.00	-	-	40.00	40.00
Bank charges	1.05	0.00	-	1.05	1.05	1.05
Category 2 Disbursements						
Photocopying	301.95	195.30	32.10	202.60	334.05	397.90
	<u>846.48</u>	<u>693.42</u>	<u>83.10</u>	<u>410.23</u>	<u>929.58</u>	<u>1,103.65</u>

LANCASHIRE TEA LIMITED
(In Creditors' Voluntary Liquidation)

Analysis of Time Costs for the period 7th May 2016 to 6th May 2017

Classification of Work	Insolvency Practitioners		Managers		Administrators		Assistants and Support Staff		Total Hours	Time Cost	Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		£	£
Administration and Planning	6.20	1,986.00	0.00	0.00	11.80	1,820.00	2.00	56.00	20.00	3,862.00	193.10
Creditors	0.40	128.00	0.00	0.00	9.90	1,584.00	0.00	0.00	10.30	1,712.00	166.21
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	0.10	32.00	0.00	0.00	9.70	1,552.00	4.30	272.80	14.10	1,856.80	131.69
Other Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	6.70	2,146.00	0.00	0.00	31.40	4,956.00	6.30	328.80	44.40	7,430.80	167.36
Average Hourly Rate, £	320.30		0.00		157.83		52.19				

**INFORMATION TO ASSIST CREDITORS IN MAKING AN INFORMED DECISION ON ANY
RESOLUTION SEEKING APPROVAL OF THE OFFICE HOLDERS REMUNERATION**

PRICE BAILEY INSOLVENCY AND RECOVERY LLP CHARGE OUT RATES

Our current charge-out rates which may be amended from time to time are as follows:

POSITION	HOURLY CHARGE OUT RATE (£)
<u>Insolvency Practitioners</u>	
- Partner	360 - 450
- Non-Partner	320 - 400
<u>Managers</u>	
- Qualified Senior Manager	270 - 340
- Senior Manager	245 - 310
- Manager	215 - 270
<u>Administrators</u>	
- Senior Administrator	180 - 225
- Administrator	150 - 200
- Junior Administrator	120 - 150
<u>Assistants & Support Staff</u>	
- Assistant	75 - 125
- Cashiering	25 - 80
- Secretarial	25 - 35

Our remuneration and disbursements policy and details of our historic charge out rates can be viewed at:
www.pricebailey.co.uk/creditors.

The Creditors' Guides to Fees can also be viewed at this web address. Hard copies can be made available upon request.

Should you require clarification on any of the above, do not hesitate to contact Price Bailey on 020 7065 2660.

LANCASHIRE TEA LIMITED
(In Creditors' Voluntary Liquidation)

Analysis of Time Costs for the period 7th May 2013 to 6th May 2017

Classification of Work	Insolvency Practitioners		Managers		Administrators		Assistants and Support Staff		Total Hours	Time Cost	Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		£	£
Administration and Planning	47.30	14,561.70	0.00	0.00	97.60	14,076.00	14.80	677.60	159.70	29,315.30	183.56
Creditors	7.90	2,493.00	0.00	0.00	71.20	10,274.50	0.00	0.00	79.10	12,767.50	161.41
Investigations	2.80	850.00	0.00	0.00	3.00	418.50	0.00	0.00	5.80	1,268.50	218.71
Realisation of Assets	2.90	870.00	0.00	0.00	12.50	1,771.50	0.00	0.00	15.40	2,641.50	171.53
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	0.20	63.00	0.00	0.00	20.80	3,267.00	11.20	557.80	32.20	3,887.80	120.74
Other Matters	0.00	0.00	0.00	0.00	0.30	45.00	0.00	0.00	0.30	45.00	150.00
Total	61.10	18,837.70	0.00	0.00	205.40	29,852.50	26.00	1,235.40	292.50	49,925.60	170.69
Average Hourly Rate, £	308.31		#DIV/0!		145.34		47.52				

**INFORMATION TO ASSIST CREDITORS IN MAKING AN INFORMED DECISION ON ANY
RESOLUTION SEEKING APPROVAL OF THE OFFICE HOLDERS REMUNERATION**

PRICE BAILEY INSOLVENCY AND RECOVERY LLP CHARGE OUT RATES

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POSITION	HOURLY CHARGE OUT RATE (£)
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- Manager	215 - 270
<u>Administrators</u>	
- Senior Administrator	180 - 225
- Administrator	150 - 200
- Junior Administrator	120 - 150
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Should you require clarification on any of the above, do not hesitate to contact Price Bailey on 020 7065 2660.

Proof of Debt – General Form

LANCASHIRE TEA LIMITED (Creditors' Voluntary Liquidation)

Date of Winding-Up Order/Resolution for voluntary winding-up: 7th May 2013

1	Name of creditor <i>(If a company please also give company registration number).</i>	
2	Address of creditor for correspondence.	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation.	
4	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting).	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
7	Particulars of any security held, the value of the security, and the date it was given.	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
9	Signature of creditor or person authorised to act on his behalf _____	
	Name in BLOCK LETTERS _____	
	Position with or in relation to creditor _____	
	Address of person signing (if different from 2 above) _____	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Liquidator		Liquidator



Guidance Note

LIQUIDATIONS A CREDITOR'S GUIDE TO INSOLVENCY PRACTITIONERS' FEES

Amended for changes introduced by
The Insolvency (England and
Wales) Rules 2016

6 April 2017

LIQUIDATIONS - A CREDITORS' GUIDE TO INSOLVENCY PRACTITIONERS' FEES

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees (also referred to in this guide as 'remuneration'). This guide is intended to help creditors be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the liquidator and challenge those they consider to be excessive.

2 Liquidation procedure

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.
- 2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can participate in the appointment of the liquidator. A solvent liquidation is called a members' voluntary liquidation. It should be noted that this guide does not extend to members' voluntary liquidations as the fees in these cases are not determined by the creditors.
- 2.3 In a compulsory liquidation, the function of the liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and an official belonging to The Insolvency Service. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where the specialist skills of an insolvency practitioner are required or the majority of creditors request the appointment of an insolvency practitioner, an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver. Where an insolvency practitioner is not appointed the official receiver remains as liquidator.
- 2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

- 3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. An invitation to decide on whether a committee is to be established will be sent to creditors at the same time as a decision is sought on the appointment of a liquidator. In cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an

opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's fees

4.1 Basis

4.1.1 The basis for fixing the liquidator's fees is set out in Rules 18.16, 18.17, 18.19 and 18.20 of the Insolvency (England and Wales) Rules 2016. The Rules state that the basis of fees must be fixed:

- as a percentage of the value of the assets which are realised, distributed or both, by the liquidator
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation, or
- as a set amount.

4.1.2 Any combination of these bases may be used to fix the fees, and different bases may be used for different things done by the liquidator. Where the fee is fixed as a percentage, different percentages may be used for different things done by the liquidator.

4.2 Advance information where fees are not based on time costs

4.2.1 Prior to the determination of the basis of fees, the liquidator must give the creditors details of the work the liquidator proposes to undertake, and the expenses he considers will be, or are likely to be, incurred.

4.3 Fees estimates where fees are to be based on time costs

4.3.1 Where the liquidator proposes to take fees based on time costs, he must first provide the creditors with detailed information in the form of a 'fees estimate'. A fees estimate is a written estimate that specifies –

- details of the work the liquidator and his staff propose to undertake;
- the hourly rate or rates the liquidator and his staff propose to charge for each part of that work;
- the time the liquidator anticipates each part of that work will take;
- whether the liquidator anticipates it will be necessary to seek approval or further approval under the Rules; and
- the reasons it will be necessary to seek such approval.

4.3.2 In addition, the liquidator must give the creditors details of the expenses he considers will be, or are likely to be, incurred.

4.4 Who fixes the fees?

4.4.1 It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the fees are to be fixed. Where it is fixed as a set amount or a percentage, it is for the committee to determine the amount, percentage or percentages to be applied. Rule 18.16 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;

- the value and nature of the property with which the liquidator has to deal.

4.4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's fees may be fixed by a decision of the creditors by a decision procedure. The creditors take account of the same matters as apply in the case of the committee.

4.4.3 If the fees are not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his fees fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be calculated in accordance with a scale set out in the Rules.

4.4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of fees fixed in the administration continues to apply in the liquidation).

5. Review of fees

5.1 Where there has been a material and substantial change in circumstances since the basis of the liquidator's fees were fixed, the liquidator may request that it be changed. The request must be made to the same body as initially approved the fees, and the same rules apply as to the original approval.

6 What information should be provided by the liquidator?

6.1 General principles

6.1.1 The liquidator should provide those responsible for approving his fees with sufficient information to enable them to make an informed judgement about the reasonableness of the liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to creditors, while being proportionate to the circumstances of the case.

6.1.2 A proposed liquidator may issue a fees estimate to creditors prior to being appointed liquidator.

6.1.3 The liquidator should disclose:

- payments, fees and expenses arising from the administration paid to the liquidator or his or her associates;
- any business or personal relationships with parties responsible for approving the liquidator's fees or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.

6.1.4 The liquidator should inform creditors and other interested parties of their rights under insolvency legislation, and should advise them how they may access suitable information setting out their rights within the first communication with them and in each subsequent report.

6.1.5 Where the liquidator sub-contracts out work that could otherwise be carried out by the liquidator or his staff, this should be drawn to the attention of creditors with an explanation of why it is being done.

6.2 Key issues

6.2.1 The key issues of concern to those with a financial interest in the level of payments from the insolvency estate will commonly be:

- the work the liquidator anticipates will be done, and why that work is necessary; and the anticipated cost of that work, including any expenses expected to be incurred in connection with it;
- whether it is anticipated that the work will provide a financial benefit to creditors, and if so what anticipated benefit (or if the work provided no direct financial benefit, but was required by statute);
- the work actually done and why that work was necessary;
- the actual costs of the work, including any expenses incurred in connection with it, as against any estimate provided;
- whether the work has provided a financial benefit to creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute).

6.2.2 When providing information about payments, fees and expenses, the liquidator should do so in a way which facilitates clarity of understanding of these key issues. Narrative explanations should be provided to support any numerical information supplied. Where it is practical to do so, the liquidator should provide an indication of the likely return to creditors when seeking approval for the basis of his fees.

6.2.3 When approval for a fixed amount or a percentage basis is sought, the liquidator should explain why the basis requested is expected to produce a fair and reasonable reflection of the work that the liquidator anticipates will be undertaken.

6.3 Fee estimates and subsequent reports

6.3.1 When providing a fees estimate, the liquidator should supply that information in sufficient time to facilitate those with the authority to approve fees making an informed judgement about the reasonableness of the liquidator's requests. The estimate should clearly describe what activities are anticipated to be conducted in respect of the estimated fee.

6.3.2 When subsequently reporting to creditors, the actual hours and average rate (or rates) of the costs charged for each activity should be provided for comparison.

6.4 Disbursements

6.4.1 Costs met by and reimbursed to the liquidator in connection with the liquidation will fall into two categories:

- Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the liquidation. Category 1 disbursements can be drawn without prior approval, although the liquidator should be prepared to disclose information about them in the same way as any other expenses.
- Category 2 disbursements: These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the liquidator or their firm, and that can be allocated to the liquidation on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as a liquidator's fees.

6.4.2 When seeking approval, the liquidator should explain, for each category of cost, the basis on which the charge is being made. If the liquidator has obtained approval for the basis of Category 2 disbursements, that basis may continue to be used in a sequential appointment where further approval of the basis of remuneration is not required, or where the liquidator is replaced.

6.4.3 The following are not permissible as disbursements:

- a charge calculated as a percentage of fees;
- an administration fee or charge additional to the liquidator's fees; recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

6.5 Payment of pre-appointment expenses

6.5.1 The following categories of expenses may be paid out of the company's assets, either before or after the commencement of the winding up, as an expense of the winding up:

- any reasonable and necessary expenses of preparing the statement of affairs
- any reasonable and necessary expenses of the decision procedure or deemed consent procedure to seek a decision from the creditors on the nomination of liquidator

6.5.2 If payment has not been made pre-commencement of the liquidation, payment may not be made to the liquidator or any associate of the liquidator, otherwise than with the approval of the liquidation committee, creditors or the court.

6.5.3 Disclosure should be made of amounts already paid to the liquidator in respect of pre-appointment costs, giving the amounts paid, the name of the payer, and its relationship to the estate and the nature of the payment.

6.5.4 Disclosure should follow the principles and standards as set out in this Guidance.

6.6 Realisations for secured creditors

6.6.1 Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 11.1 below), he should disclose the amount of that remuneration in any reports he sends to creditors.

7. Exceeding the amount set out in the fees estimate

7.1 Fees cannot be drawn in excess of the fees estimate without approval by the body which fixed the original basis of the fee. The request for approval must specify –

- the reason why the liquidator has exceeded, or is likely to exceed, the fees estimate;
- the additional work the liquidator has undertaken or proposes to undertake;
- the hourly rate or rates the liquidator proposes to charge for each part of that additional work;
- the time that additional work has taken or the liquidator anticipates that work will take;
- *whether the liquidator anticipates that it will be necessary to seek further approval*; and
- the reasons it will be necessary to seek further approval.

8. Progress reports and requests for further information

8.1 The liquidator is required to send annual progress reports to creditors. In addition to the items described above and especially those in paragraph 6.2.1, the reports must include:

- details of the basis fixed for the fee of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the fee charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the fee charged during the periods covered by the previous reports, together with a description of the things done during those periods, irrespective of whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period;
- details of progress during the period of the report, including a summary of the

- receipts and payments during the period;
- details of what needs to be done;
- where appropriate, a statement setting out whether, at the date of the report –
 - the fee expected to be charged is likely to exceed the fees estimate or any approval given;
 - the expenses incurred or expected to be incurred are likely to exceed, or have exceeded, the details given to the creditors prior to the determination of the basis of fees; and
 - the reason for that excess.
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the liquidator's fees and expenses.

8.2 Within 21 days of receipt of a progress report a creditor may request the liquidator to provide further information about the fees and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The liquidator must provide the requested information within 14 days, unless he considers that:

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing some or all of the information.

8.4 Any creditor may apply to the court within 21 days of the liquidator's refusal to provide the requested information, or the expiry of the 14 days' time limit for the provision of the information.

9. Provision of information – additional requirements

9.1 The liquidator must provide certain information about the time spent on the case, free of charge, upon request by any creditor, director or shareholder of the company.

9.2 The information which must be provided is –

- the total number of hours spent on the case by the liquidator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period.

9.3 The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator's appointment, or where he has vacated office, the date that he vacated office.

9.4 The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office.

10. What if a creditor is dissatisfied?

10.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees.

10.2 If a creditor believes that the liquidator's fees are excessive, the basis is inappropriate, or

the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

- 10.3 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the fees or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing.
- 10.4 If the court considers the application well founded, it may order that the fees be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.
- 10.5 On receipt of the liquidator's final account creditors have 8 weeks in which they may challenge the liquidator's fees and expenses as set out above.

11. What if the liquidator is dissatisfied?

- 11.1 If the liquidator considers that the fees fixed by the liquidation committee, or in the preceding administration, is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by decision of the creditors. If he considers that the fees fixed by the liquidation committee, the creditors, in the preceding administration or in accordance with the statutory scale is insufficient, or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

12 Other matters relating to fees

- 12.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.
- 12.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the fee payable should be apportioned. Any dispute between them may be referred to the court, the committee or the creditors.
- 12.3 If a new liquidator is appointed in place of another, any determination, decision or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new liquidator until a further determination, decision or court order is made.
- 12.4 Where the basis of the fees is a set amount, and the liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing liquidator. The application must be made to the same body as approved the fees. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.
- 12.5 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result

in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

13. Effective date

This guide applies where a liquidator is appointed on or after 1 October 2015, or where information is provided by the liquidator about fees, expenses or other payments after 6 April 2017.