

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	9	1	7	5	0	7	6
Company name in full	Pinnacle (Angelgate) Limited							

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

2 Liquidator's name

Full forename(s)	Duncan
Surname	Swift

3 Liquidator's address

Building name/number	Azets Holdings Limited
Street	Secure House
	Lulworth Close
Post town	Chandler's Ford
County/Region	Southampton
Postcode	S O 5 3 3 T L
Country	

4 Liquidator's name ①

Full forename(s)	Chris
Surname	Tate

① **Other liquidator**
Use this section to tell us about
another liquidator.


5 Liquidator's address ②

Building name/number	Azets Holdings Limited
Street	Secure House
	Lulworth Close
Post town	Chandler's Ford
County/Region	Southampton
Postcode	S O 5 3 3 T L
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	2	^d	5	^m	0	^m	9	^y	2	^y	0	^y	2	^y	2
To date	^d	2	^d	4	^m	0	^m	9	^y	2	^y	0	^y	2	^y	3
7	Progress report															
	<input checked="" type="checkbox"/> The progress report is attached															
8	Sign and date															
Liquidator's signature	<div>Signature</div> <div>  </div>															
Signature date	^d	2	^d	4	^m	1	^m	1	^y	2	^y	0	^y	2	^y	3

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 Dawn Sherin

Company name Azets Holdings Limited

Address Secure House

Lulworth Close

Post town Chandler's Ford

County/Region Southampton

Postcode S O 5 3 3 T L

Country

DX

Telephone 02380 247070



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

Joint Liquidators' Annual Progress Report to Creditors & Members

Pinnacle (Angelgate) Limited
- In **Creditors' Voluntary Liquidation**

Reporting period from 25 September 2022 to
24 September 2023

Dated: 24 November 2023

CONTENTS

- 1 Introduction and Statutory Information
- 2 Receipts & Payments
- 3 Progress of the Liquidation
- 4 Creditors
- 5 Joint Liquidators' Remuneration
- 6 Creditors' Rights
- 7 Next Report

APPENDICES

- A Receipts and Payments Account for the Period from 25 September 2022 to 24 September 2023 incorporating a Cumulative Receipts and Payments Account since the Joint Liquidators' Appointment
- B Additional information in relation to Joint Liquidators' Fees, Expenses & the use of Subcontractors
- C Azets Fees & Expenses Policy

1 Introduction and Statutory Information

- 1.1 Duncan Swift and I (“the Joint Liquidators”) of Azets, Secure House, Lulworth Close, Chandlers Ford, Eastleigh, SO53 3TL, were appointed Joint Liquidators of Pinnacle (Angelgate) Limited (“the Company”) on 25 September 2018 and 25 May 2021 respectively. We are authorised to act as Insolvency Practitioners in the UK by the ICAEW and are bound by the Insolvency Code of Ethics when carrying out all professional work in relation to an insolvency appointment. In the event of case related queries, the Joint Liquidators can be contacted on telephone number 023 8024 7070.
- 1.2 This progress report provides an update on the conduct of the Liquidation for the period from 25 September 2022 to 24 September 2023 (“the Period”) and should be read in conjunction with previous progress reports issued in both the preceding Administration and the Liquidation dated 24 April 2018, 14 September 2018, 20 November 2019, 19 November 2020, 19 November 2021 and 18 November 2022.
- 1.3 Information about the way that this firm will use, and store personal data on insolvency appointments can be found at <https://www.azets.co.uk/about-us/privacy-cookie-policy/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.4 The team and case portfolio of Moore (South) R&I LLP transferred to Azets with effect from 12 April 2021. For the avoidance of doubt, this transfer has no material impact on the Liquidation which continues to be managed principally by me, now of Azets.
- 1.5 As a result of the above transfer, I replaced Neil Dingley of Moore Stoke as Joint Liquidator on 25 May 2021. Duncan remains as the lead Joint Liquidator.
- 1.6 The principal trading address of the Company was 200 Dantzic Street, Manchester M4 4JS (“the Development Site”).
- 1.7 The registered office of the Company has been changed to Azets Restructuring & Insolvency, Secure House, Lulworth Close, Chandlers Ford, Eastleigh, SO53 3TL and its registered number is 09175076.

2 Receipts and Payments

- 2.1 At Appendix A is our Receipts and Payments Account covering the Period from 25 September 2022 to 24 September 2023 incorporating a Cumulative Receipts and Payments Account since the Joint Liquidators’ Appointment.

3 Progress of the Liquidation

- 3.1 This section of the report provides creditors with an update on the progress made in the Liquidation during the Period and an explanation of the work done by the Joint Liquidators and our staff.

Activity since 25 September 2022

- 3.2 Paragraph 2.7 of the Joint Administrators’ final report dated 14 September 2018 details the activity undertaken by us during the Administration period. For consistency and ease of reference, that scheduling sequence (numbered [i] to [xv]) is used in this report where matters have continued into the fifth year of the CVL:

- i. Completed in Administration – no further action required.
- ii. Completed in Administration – no further action required.
- iii. Completed in Administration – no further action required.
- iv. Completed in Administration – no further action required.
- v. Completed in Administration – no further action required.
- vi. Completed in the first year of the CVL – no further action required.
- vii. We have continued to make enquiries of the Company's director and his associates; to identify the ultimate beneficial owner of MVG Holdings; the Company's ultimate parent company. Our enquiries are ongoing.
- viii. We have continued to make enquiries of solicitors and other professional advisors known to have acted for the Company, or for MVG Holdings. Our enquiries are ongoing.
- ix. Completed in the second year of the CVL – no further action required.
- x. Our investigations into the Company's dealings in the three-year period prior to our appointment as Administrators on 28 September 2017 are largely concluded. We may make specific limited investigation enquiries of parties identified as potential associates of the Company's current director, Mr Mills, if and when required.

Per our previous annual report dated 18 November 2022 the UK Serious Fraud Office (SFO), supported by the North-West Regional Organised Crime Unit ("NWROCR") as part of a Joint Investigation Team, closed its investigation on 14 October 2021 having found insufficient evidence to support a prosecution. We continue to liaise with the SFO with regards to obtaining further information which may assist our own enquiries.

- xi. Completed in the second year of the CVL – no further action required.
- xii. As previously reported, two substantive potential legal claims have been identified. During the second year of the CVL we issued, via our solicitors, a letter before action in respect of one of the claims. The final extension to the standstill agreement expired on 9 January 2023, shortly after a claim was submitted to court by our solicitors on 6 January 2023. Per our previous report, this claim was sold to a litigation funder in July 2022 that has funded the legal costs from the date of assignment.

Particulars of claim were filed at court on 18 April 2023 in response to which a defence was received from the defendant's solicitors on 25 April 2023. Counsel opinion regarding the defence was sought and obtained in September 2023. The matter remains ongoing.

We continue to investigate and consider the other claim. We regret we are unable to provide additional information on these claim matters as these are confidential, commercially sensitive; and in certain instances, subject to legal privilege.

- xiii. The Administration Creditors' Committee became the Liquidation Committee upon transition from Administration to Liquidation on 25 September 2018. A list of committee members is provided below including details of resignations and new appointments.

Name of Member	Appointed	Resigned/Removed
Cheng Chun Mo (Simon Cheng)	September 2018	n/a
Richard Gray	September 2018	March 2019
Suet Fung Koo (Nelson Koo)	September 2018	n/a
Gary Langton	September 2018	n/a
Chris Perrin	September 2018	June 2020
James Sexton	March 2019	January 2022
Mohammad Mehdi Sadeghian	June 2020	n/a

Where members have resigned, replacements have been made from the list of original nominees for election. There have been no resignations in the Period of this report. However, James Sexton is no longer eligible to act as a committee member as he is no longer a creditor of the Company. As a result, James Sexton has been removed as a liquidation committee member. The remaining two nominees either failed to respond or were no longer willing to act. It has therefore been agreed with the four remaining committee members that at this stage of the Liquidation no replacement should be made.

We have reported to the Liquidation Committee on one occasion during the Period, on 6 January 2023. A further report has been sent to the Liquidation Committee outside the Period, on 25 October 2023. We have continued to liaise with and respond to all of the questions and comments of the Committee arising in the period.

- xiv. We have issued one e-shot communication to creditors during the Period to advise of key events in the progression of the Liquidation (dated 18 November 2022). We have also responded to individual creditors enquiries over and above their claim correspondence.

- xv. Completed in the second year of the CVL – no further action required.

Administration (including statutory compliance & reporting)

- 3.3 An office holder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work we anticipated would need to be done in this area was outlined to creditors in our initial fees estimate which was previously agreed by creditors.
- 3.4 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Liquidators.
- 3.5 As noted in our initial fees estimate, this work will not necessarily bring any financial benefit to creditors but is required on every case by statute.

Realisation of Assets

- 3.6 We have continued to undertake an extensive amount of work as detailed at paragraph 3.2. In particular, we have continued to investigate, in conjunction with the Liquidation Committee, the nature and prospects of legal recovery claim actions as described in paragraph 3.2(xii). Our work included working with our solicitors and the litigation funder to submit a claim to court on 6 January 2023, in advance of the expiration of the final standstill agreement on 9 January 2023. We have continued to correspond with the Defendants solicitors regarding the claim.
- 3.7 It is anticipated that the work the Joint Liquidators and their staff have undertaken in relation to the realisation of assets in the Period will be of benefit to the creditors as a whole by ensuring realisations are maximised and thereby maximise the return to creditors. The costs associated with these actions being our liquidators' fees and our legal advisors' fees, are on a conditional basis, therefore ensuring that the funds available to the creditors as a whole are not materially diminished, save for the costs of complying with our statutory duties whilst the liquidation remains open. The only fees incurred which were not conditional on successful recovery, were those of the expert witness.

Creditors (claims and distributions)

- 3.8 The Joint Liquidators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 3.9 Work undertaken by the Joint Liquidators in dealing with a company's creditors may only therefore bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however the Joint Liquidators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Joint Liquidators in dealing with those claims.
- 3.10 More information on the anticipated outcome for all classes of creditor in this case can be found in Section 4 below.
- 3.11 At this stage, we consider the following matters worth bringing to the attention of creditors:
- The position of the secured creditors has not changed since that reported in the final report of the Administration dated 14 September 2018 and is summarised below at paragraphs 4.1 to 4.3:
 - We do not anticipate any claims from preferential creditors.
 - There are approximately 342 unsecured creditor claims in this case with a value per the Director's statement of affairs of £29,673,721. Initial claims validation was completed during the second year of the CVL in order to facilitate distributions made by the Liquidators of Angelgate Manchester (Buyers) Limited ("Buyerco").

Investigations

- 3.12 Our investigations revealed the issues reported upon at paragraph 3.2.
- 3.13 You may recall from our first progress report to creditors that some of the work the Joint Liquidators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Liquidators can pursue for the benefit of creditors.
- 3.14 Our report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986 was submitted during the first year of the Liquidation and is confidential.
- 3.15 The following matters are outstanding that will require ongoing work on the part of the Joint Liquidators and their staff:
- i. Monitoring progress of the legal claim sold to the litigation funder and providing input as and when required by the litigation funder and/or their legal advisors; continuing limited further investigations as described in paragraph 3.2(vii), (viii) and (x);
 - ii. accounting to HMRC and providing all tax returns for the period of the Liquidation;
 - iii. administering all other statutory obligations as required under insolvency legislation; and,
 - iv. liaising and reporting to the Liquidation Committee on all matters relevant to the conduct of the Liquidation.

4 Creditors

Secured Creditors

- 4.1 Buyerco held a legal charge ("the Charge") dated 23 January 2015 over the Development Site.
- 4.2 There are no other charges held over the Company. As there are no floating charges the 'prescribed part' under S176A of the Insolvency Act 1986 does not apply.
- 4.3 As directed by the High Court the Joint Liquidators distributed the net proceeds of the sale of the Development Site (including interest earned thereon), totalling £4,536,305.50, to Buyerco during the second year of the Liquidation.
- 4.4 No further distributions to the Buyerco are anticipated.

Preferential Creditors

- 4.5 The Joint Liquidators are not aware of any preferential creditors.

Unsecured Creditors

- 4.6 The High Court's distribution directions affirm there are two categories of unsecured creditors in the Company:
- i. Buyers; as the only parties entitled to receive distributions from Buyerco, are also entitled to rank the balance of their claims as unsecured creditors for distributions from any other asset realisations in the Liquidation equally with the other unsecured creditors at (ii) below; and,
 - ii. other unsecured creditors, being third parties with valid claims such as HMRC and/or employees and/or professional or trade suppliers if there are any.
- 4.7 The Company's statement of affairs indicated there were 342 creditors whose debts totalled £29,673,721. To date, we have received claims totalling £32,590,109 from 292 creditors. As illustrated below:

Category	Director's Statement of Affairs		Actual Claims Received	
	No.	Amount £	No.	Amount £
<u>Buyers:</u>	342	29,673,721	291	29,965,578
<u>Other:</u> HMRC	N/A	Nil	1	2,624,531
Total	342	29,673,721	292	32,590,109

- 4.8 Buyers' claims shown at paragraph 4.7 will be reduced by the distributions they received from Buyerco's distribution to arrive at the unsecured balance.
- 4.9 HMRC's claim has been lodged based on the £5.1m paid by the Company to PHD1 in 2015. The Company had not made appropriate deductions from these payments under the Income Tax (Construction Industry Scheme) Regulations 2005. This claim has not yet been validated. As previously reported, HMRC extinguished its unsecured claim through application of Crown Set-off against the Joint Administrators' input VAT refund claim.
- 4.10 All other unsecured creditor claims including HMRC's claim per para 4.9 will be validated if and when further recoveries are achieved.
- 4.11 Until the potential legal claim recovery actions noted at paragraph 3.2(xii) and 3.6 have been further progressed, we are unable to comment on the amount and timing of distributions to unsecured creditors.

5 Joint Liquidators' Remuneration

- 5.1 Where a company in Administration subsequently moves into Liquidation under Paragraph 83 of Schedule B1 to the Insolvency Act 1986 and the Administrators become the Liquidators, the basis of fees fixed in the earlier Administration automatically transfers to the subsequent liquidation. Administrators are able to provide a fee estimate for the Liquidation (if they envisage the Company will move into liquidation on exit from the Administration) either with their proposals in the earlier Administration or following their appointment as Liquidators. In this case, the basis of our remuneration relevant to the Liquidation (summarised in paragraph 5.2 below) transferred over and our fees estimate for the Liquidation was provided following our appointment as Joint Liquidators and was approved by the Liquidation Committee.

5.2 As much of the fee structure is only relevant to the preceding Administration, only those parts of the fee structure that apply to the Liquidation are summarised below:

- fees of £15,000 per annum in relation to statutory compliance, reporting and planning for each subsequent year or part thereof;
- further work as authorised by the Liquidation Committee; and,
- 30% of any realisations of any other assets (subsequently reviewed and revised per paragraphs 5.3 and 5.4 below).

5.3 With regards to the % fee set out at paragraph 5.2, we considered this to be fair and reasonable in the circumstances of this case, at the time requested and approved by the Liquidation Committee. Consideration was given to the complexity of the case, resource and risk to the practice and time costs incurred in similar cases dealt with by our practice. This fee basis has subsequently been reviewed with the Liquidation Committee's input as the case has progressed, to assess its fairness and reasonableness and we will continue to do so. As a result, our fee bases in respect of work to realise potential other assets have become more tailored (for example, by way of the Conditional Fee Agreement at paragraph 5.4 below).

5.4 We have agreed with the Liquidation Committee a contingent success-fee basis; that combines fixed and percentage elements, for our work to directly pursue the legal recovery claim referred to in paragraph 3.2(xii), together with adverse costs insurance cover should that be required. As this fee basis concerns a claim matter that is confidential, commercially sensitive; and in certain instances subject to legal privilege, we are unable to provide further details at this stage.

5.5 During the Period, the legal recovery claim was sold by the Joint Liquidators for initial consideration of £10,000 and therefore we have drawn fees during the Period totalling £18,000 plus VAT, made up of a realisation fee of £3,000 plus VAT based on the percentage fee set out at paragraph 5.2 above and an annual statutory compliance, reporting and planning fixed fee of £15,000 plus VAT. Our realisation fee basis will be further disclosed to creditors should the legal recovery claim be fully realised and a further fee entitlement arise under it.

5.6 Since the commencement of the Liquidation the £152,217.35 plus VAT has been drawn in respect of the remuneration of the Joint Liquidators, as follows:

		Remuneration entitlement £'000	Remuneration drawn in period £'000	Total remuneration £'000
<u>Fee basis for the Liquidation</u>				
<u>Statutory compliance, statutory reporting and planning</u>				
Year 1 – Administration	£30k fixed fee	n/a	n/a	n/a
Subsequent years	£15k fixed fee	75.0	15.0	75.0
<u>Development Site</u>				
Consider build-out proposals	£35k fixed fee	n/a	n/a	n/a
Build-out (3-year build)	£300k fixed fee	n/a	n/a	n/a
Sold 'as is'	4%	n/a	n/a	n/a
<u>Investigation</u>				
Administrators' investigation	£120k fixed fee	n/a	n/a	n/a
Work authorised by the Liquidation Committee		4.2	0.0	4.2
<u>Other asset realisations - Liquidation</u>				
VAT repayment (£233,391.15)	30%	70.0	0.0	70.0
Legal claim (£10,000)	30%	3.0	3.0	3.0
Totals		152.2	15.0	152.2

- 5.7 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from <https://www.azets.co.uk/media/lybj2if4/liquidation-a-guide-for-creditors-on-insolvency-practitioners-fees-version-1-april-2021.pdf>.
- 5.8 Attached at Appendix B is additional information in relation to the Joint Liquidators' fees and expenses, including where relevant, information on the use of subcontractors and professional advisers.

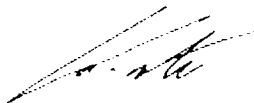
6 Creditors' Rights

- 6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.
- 6.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Liquidators, as set out in this progress report, are excessive.

7 Next Report

- 7.1 We are required to provide a further report on the progress of the Liquidation within two months of the next anniversary of the Liquidation, unless we have concluded matters prior to this, in which case we will write to all creditors with our final account.
- 7.2 If you have any queries in relation to the contents of this report, we can be contacted by telephone on 023 8024 7070 or by email at Dawn.Sherin@azets.co.uk.
- 7.3 Finally, to comply with the Provision of Services Regulations, some general information about Azets including about our Professional Indemnity Insurance and the Insolvency Code of Ethics, can be found at <https://www.azets.co.uk/about-us/policies-legal/legal-regulatory-information/>.

Yours faithfully



Chris Tate
Joint Liquidator

Appendix A

Receipts and Payments Account for the Period from 25 September 2022 to 24 September 2023 incorporating a Cumulative Receipts and Payments Account since the Joint Liquidators' Appointment

	Statement of affairs £	From 25/09/2022 to 24/09/2023 £	From 25/09/2018 to 24/09/2023 £
RECEIPTS			
Fixed Charge Receipts			
Funds from the Administration	4,579,639.79	-	4,579,639.79
Interest gross of tax	-	-	37,740.80
Refund of Administration insurance	-	-	231.30
Asset Realisations			
Funds from the Administration	19,894.35	-	19,894.35
VAT repayment	2,857,922	-	233,391.15
Legal claim	-	-	10,000.00
Other Realisations			
Interest gross of tax	-	-	382.85
		<hr/>	<hr/>
		-	4,881,280.24
PAYMENTS			
Fixed Charge Costs			
Legal fees & expenses	-	-	56,429.86
Administration costs b/f	-	-	13,462.00
Corporation tax	-	-	7,214.53
Office holders' fees	-	-	4,200.00
Fixed Charge Holder			
Angelgate Manchester (Buyers) Limited	-	-	4,536,305.50
Costs of Realisations			
Expert witness fees	-	-	12,314.00
Quantity surveyor's fees & expenses	-	-	4,985.00
Costs of Administration			
Document scanning	-	-	3,581.66
Courier charges	-	-	97.75
Bank charges	-	-	42.50
Legal fees & expenses	-	-	41,018.50
Corporation tax	-	-	71.21
Committee expenses	-	-	2,002.44
Statutory advertising	-	-	76.95
Liquidators' fees	-	15,000.00	163,017.35
		<hr/>	<hr/>
		15,000.00	4,844,819.25
Net Receipts/(Payments)			
		<hr/>	<hr/>
		(15,000.00)	36,460.99
MADE UP OF			
VAT receivable			16,062.80
Metro Bank - current			20,398.19
			<hr/>
			36,460.99

Appendix B

Additional Information in Relation to the Joint Liquidators' Fees, Expenses & the use of Subcontractors

Staff Allocation and the use of Subcontractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

We have not utilised the services of any subcontractors on this case.

Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Lester Aldridge LLP (legal advice)	Time costs
Lester Aldridge LLP (legal claim advice)	Time costs under the CFA

Our choice 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.

Joint Liquidators' Expenses

The estimate of expenses which were anticipated at the outset of the preceding administration was provided to creditors when the basis of our fees was approved together with our fee estimate commented upon in paragraph 5.1. The table below compares the anticipated costs against those incurred to date.

Category 1 expenses

These expenses do not require prior approval by creditors. The type of expenses that may be charged to a case as a Category 1 expense generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, external room hire and external storage costs. Also chargeable, will be any properly reimbursed expenses incurred by personnel in connection with the case. These expenses may include disbursements which are payments first met by an office holder and then reimbursed from the estate.

PINNACLE (ANGELGATE) LIMITED - IN LIQUIDATION

Expense	Estimated overall cost £	Paid in Prior Period £	Paid in this period £	Incurred but not paid to date £	Total incurred £
Build-out costs					
Agents' fees & expenses	177,000.00	n/a	n/a	n/a	n/a
Public liability insurance	10,000.00	n/a	n/a	n/a	n/a
Other insurance	1,000.00	n/a	n/a	n/a	n/a
Legal fees & expenses	(*) 400,000.00				
Legal fees & exp – fixed (ADM)		105,779.37	-	-	105,779.37
Legal fees & exp – other (ADM)		55,246.25	-	-	55,246.25
Legal fees & exp – fixed (CVL)		56,429.86	-	-	56,429.86
Legal fees & exp – other (CVL)		41,018.50	-	-	41,018.50
Legal fees & exp – CFA (CVL)		-	-	74,910.00	74,910.00
	400,000.00	258,473.98	-	74,910.00	333,383.98
General provision (10% of above)	39,000.00				
Other property expenses (ADM)		11,122.64	-	-	11,122.64
Translation fees (ADM)		311.94	-	-	311.94
Telephone (ADM)		1,336.98	-	-	1,336.98
Postage (ADM)		-	-	10.24	10.24
Computer consumables (ADM)		12.49	-	-	12.49
Committee expenses (ADM)		134.31	-	-	134.31
Statutory advertising (ADM)		150.00	-	-	150.00
Specific penalty bond (ADM)		92.50	-	-	92.50
Travel & subsistence (ADM)		2,637.34	-	1,399.48	4,036.82
Expert witness fees (CVL)		12,314.00	-	-	12,314.00
Quantity Surveyor's fee (CVL)		4,985.00	-	-	4,985.00
Document scanning (CVL)		3,581.66	-	-	3,581.66
Courier charges (CVL)		97.75	-	-	97.75
Computer consumables (CVL)		-	-	28.29	28.29
Specialist VAT advice (CVL)		-	-	300.00	300.00
Committee expenses (CVL)		2,002.44	-	-	2,002.44
Statutory advertising (CVL)		76.95	-	-	76.95
Travel & subsistence (CVL)		-	-	1,272.74	1,272.74
	39,000.00	26,542.00	-	3,010.75	41,866.75

(*) Our original estimate of £200,000 was provided in the *Joint Administrators' Proposals dated 21 November 2017*.

This estimate was revised to £300,000 in our 1st progress report dated 2 November 2019 and subsequently revised again to £400,000 in our 2nd progress report dated 19 November 2020. A significant majority of the additional £100,000 of legal expenses is expected to be on CFA basis anticipated.

Category 2 expenses

These expenses do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may therefore include payments to associates of the office holder or shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Details of Category 2 expenses charged by this firm (where appropriate) were provided at the time the Joint Liquidators' fees were approved by creditors.

No Category 2 expenses have been charged in the Liquidation.

Per our previous reports we remain satisfied that our professional advisors' fees and expenses continue to be Category 1 expenses.

Appendix C

Azets Fees & Expenses Policy

AZETS HOLDINGS LIMITED – FEES AND EXPENSES POLICY

Introduction

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 guides issued with Statement of Insolvency 9 (SIP 9) and can be accessed at <https://www.azets.co.uk/restructuring-and-insolvency-downloads/>. A hard copy may be requested from Azets Holdings Limited, Secured House, Lulworth Close, Chandler's Ford, Southampton, SO53 3TL or Dawn.Sherin@azets.co.uk.

Staff Allocation and Charge Out Rates

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. Work carried out by all staff is subject to the overall supervision of the office holders.

The constitution of the case team will usually consist of a Partner/Director, Manager and an Administrator as well as support staff. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several members of staff may be allocated to meet the demands of the case.

We operate a time recording system which allows staff working on the assignment along with the office holders to allocate their time to an assignment in 6 minute units.

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

Time costs are recorded at the individual's hourly rate in force at that time. Our charge out rates increased on 1 May 2023 and are shown below, exclusive of VAT.

1 May 2023 to date	£	1 February 2022 to 30 April 2023	£	3 December 2018 to 31 January 2022	£
Partner/Director	520.00 – 665.00	Partner/Director	400.00 – 580.00	Partner	430.00 - 470.00
Manager	320.00 – 430.00	Manager	280.00 – 375.00	Directors/Manager	210.00 - 390.00
Administrator	150.00 – 320.00	Administrator	130.00 – 275.00	Administrator	110.00 - 210.00
Support Staff	150.00	Support Staff	120.00	Junior/Trainee Administrator	95.00 - 200.00
				Cashiers/Secretaries	60.00 - 100.00

Included within the manager grade are Senior Manager, Manager and Assistant Manager. Included within the Administrator grade are Senior Administrator and Assistant. 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.

Please note that charge out rates are reviewed annually and may be subject to change.

Expenses

On insolvency appointments, an office holder will typically incur expenses which relate to that assignment. Expenses (or costs) are amounts properly payable by an office holder from an insolvency estate which are not otherwise categorised as the office holder's remuneration or a distribution to a creditor or shareholder. These expenses may include, but are not limited to, agent's costs for disposal and realisation of assets, legal costs, specialist pension advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing the books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit. Details of the anticipated expenses on an insolvency assignment will be outlined in the office holder's fees estimate or other information provided to creditors about the fee basis or bases being proposed.

Expenses recharged to, or incurred directly by, an insolvent estate are subject to VAT at the applicable rate where appropriate.

Some expenses can be paid without prior approval from creditors (referred to as Category 1 expenses) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (referred to as Category 2 expenses).

Category 1 expenses are directly referable to an invoice from a third party that is not an associate of the office holder or the firm, which is either in the name of the estate or Azets Holdings Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the insolvency estate. These costs are recoverable 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.

Category 2 expenses are directly attributable to the estate but include an element of shared costs or is a payment to an associate of the office holder or the firm. These expenses are recoverable from the estate, subject to the prior approval of the creditors, in the same manner as the approval of the office holder's remuneration.

The Category 2 expenses which include an element of shared costs and are charged by this firm are as follows:

- Postage – charged in accordance with the current Royal Mail price guide for first class.
- Business mileage – charged at standard rates which comply with HM Revenue & Customs limits. The current rate is 45 pence per mile.
- Internal photocopying - charged at 5 pence per sheet for reports and circulars issued to creditors, shareholders, employees and other stakeholders. No additional charge is made for individual items of correspondence.

Please note that these category 2 expenses are reviewed annually and may be subject to change.

Payments to associates (as defined in Section 435 of the Insolvency Act 1986 and the Insolvency Code of Ethics), which are also classified as a category 2 expense requiring creditor approval, are not routinely made by this firm. Any such payments will be considered on a case by case basis and when seeking approval for the payments, the office holder will provide creditors with an explanation of the work to be done, why the work is necessary and the estimated payment that will be made. The form and nature of the relationship with the associate will also be provided.

Provision of Services Regulations

When carrying out all professional work relating to an insolvency appointment, Insolvency Practitioners are bound by the Insolvency Code of Ethics.

To comply with the Provision of Service Regulations, some general information about Azets Holdings Limited, including our complaints policy and Professional Indemnity Insurance and the Insolvency Code of Ethics, is available on our website using the following link: www.azets.co.uk/about-us/legal-regulatory-information/.