

Eversholt Rail (365) Limited - in Liquidation

Remuneration Report: initial information to creditors
including fees estimate

13 May 2022

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1. Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report:

Abbreviation or definition	Meaning
Company	Eversholt Rail (365) Limited
Liquidation	Creditors' Voluntary Liquidation
EOS	Estimated Outcome Statement
ERL	Eversholt Rail Limited
Excluded Work	Time and expenses charged from 20 April 2022 in relation to potential future investigations, further recoveries (excluding balance due in relation to the Group Relief Claim and bank interest) and any associated additional tasks.
Firm, PwC	PricewaterhouseCoopers LLP
Group	Eversholt Rail Finance Holdings Limited Eversholt Investment Limited Eversholt Rail Finance Limited Eversholt Rail Finance Holdings (UK) Limited Eversholt Rail Finance GB Limited Eversholt Finance Holdings Limited Eversholt Funding Plc Eversholt Rail (UK) Limited Eversholt Rail Finance (2) Limited Eversholt Depot Finance (UK) Limited Eversholt Rail (380) Limited Eversholt Rail (365) Limited - in creditors' voluntary liquidation
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Preferential creditors	Creditors with claims for: <ol style="list-style-type: none">1. unpaid wages for the whole or any part of the period of four months before 19/08/2019 (up to a maximum of £800);2. accrued holiday pay for any period before 19/08/2019; and3. unpaid pension contributions in certain circumstances.
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
RPS	Redundancy Payments Service (part of the Insolvency Service, an executive agency of the Department for Business, Energy & Industrial Strategy)
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued by regulatory authorities, setting out principles and key compliance standards with which insolvency practitioners are required to comply
SAO	Senior Accounting Officer

Abbreviation or definition	Meaning
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TF19	Train Fleet (2019) Limited
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Joint Liquidators/we/us/our	Zelf Hussain and Jeremy Robert Webb
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Unsecured creditors	Creditors who are neither secured nor preferential
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This report has been prepared by Zelf Hussain and Jeremy Robert Webb as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any person choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at Companies House or alternatively by contacting george.edmond@pwc.com. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain and Jeremy Robert Webb have been appointed as Joint Liquidators of the Company. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

2. Background

2.1 Purpose of this initial advice to creditors

If a company or individual is facing financial difficulty they may enter a formal insolvency process under the control of an independent external person (an insolvency practitioner). The costs of the proceedings are paid out of the assets of the company and include the insolvency practitioner's remuneration, which in this case would be our fees for acting as Joint Liquidators.

We must seek approval for the basis of our remuneration before it is paid and provide the fee approving body with sufficient information for them to make a decision. Insolvency law determines who the fee approving body is (and it depends on the circumstances of the case), but it's usually those creditors who have a direct interest in the amount paid because it impacts on how much those creditors recover.

Changes to insolvency legislation on 1 October 2015 also now require us to give all known creditors details of the work we expect to carry out during the case and the expenses that are likely to be incurred. Also, if our fees are proposed to include remuneration calculated on a time costs basis, we must provide an estimate of those fees. This report provides all this information and details of where further information can be obtained.

Receipts and Payments

An up to date receipts and payments account to 19 April 2022 can be found in Appendix A.

2.2 Action required by you

The following table gives our current estimates on the likely return for the various classes of creditors. We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment from the Company's assets.

Table 1 – Dividend prospects

Class of creditor	Forecast return (%)	Timing
Secured creditors	n/a	n/a
Preferential creditors	n/a	n/a
Unsecured creditors*	4-7	12 months

*based on creditor claims received as at 19.04.2022

Where no committee is appointed, the basis of our fees and Category 2 disbursements (as defined in Section 4.1) will be fixed by the general body of creditors. Please read this Remuneration Report carefully before voting on the basis of our fees and disbursements.

Creditors' rights

You can find information on liquidators' fees and your rights at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/liquidations-creditor-fee-guide-1-april-2021.ashx?la=en>

2.3 How fees are calculated

Insolvency law currently allows fees to be calculated in three ways:

- As a percentage of the value of the property which we realise and/or distribute (often referred to as a "percentage basis");
- By reference to the time properly given by us and our staff attending to the matters arising ("time costs basis"); or

- A set amount (a fixed fee).

The basis of our fees can be a combination of the above and different bases can be used for different parts of our work. The fee approving body decides which basis (or combination of bases) should be used to calculate fees, once it is satisfied that the fee basis proposed represents the most appropriate mechanism in the circumstances of the case.

In this case we are proposing that our remuneration is on a time costs basis with the exception of Excluded work which will be agreed separately, for the following reasons:

- It ensures that creditors are only charged for work that is performed;
- We are required to perform a number of tasks which do not relate to the realisation of assets including reporting to creditors, investigation matters and distributing potential surplus funds; and
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the liquidation.

In the next section, we include details of our fees estimate on a time cost basis. We will also set out in section 3, the time costs we have incurred to date.

Insolvency law says that in determining the basis of our remuneration, regard must be had to the following:

- The complexity (or otherwise) of the case;
- Any exceptional responsibility falling on us;
- The effectiveness with which we are carrying out, or to have carried out, our duties; and
- The value and nature of the property with which we have to deal.

3. Our fees estimate

3.1 Summary

This section provides the following information:

- Details of the work we propose to undertake;
- The hourly rates we propose to charge for each part of that work;
- The time we anticipate each part of the work will take; and
- Whether we think it will be necessary to seek approval to exceed the amount of the estimate, and if so, why.

The total amount of our fees estimate, with the exception of any Excluded Work is £554,958.95. The following tables summarise our anticipated time costs and then provide more detail on each area of work. Time costs are shown at the hourly rates set out later. This fees estimate covers all work undertaken to date as set out in this report and our previous annual progress reports dated the 15 October 2020 and 18 October 2021, together with fees to undertake the remaining work detailed further in this report, to conclude this case, with the exception of the Excluded Work. Should further works be required, we may need to seek further fee approval from creditors.

In the period since our appointment to 19 April 2022, we have incurred time costs of £470,981.70 representing 79% of the fees' estimate.

Table 2 – Time costs

Category of work	Hours incurred to 19 April 2022	Time costs incurred to 19 April 2022 (£)	Average hourly rate for time costs incurred to 19 April 2022 (£/hour)	Hours estimate to closure	Fees estimate to closure (£)	Total Hours to closure (hrs)	Total fee estimate (£)	Average hourly rate to closure (£/hour)
Accounting and Treasury	33	9,796.20	299	22	10,858.75	55	20,654.95	377
Assets	30	12,492.25	412	18	8,382.50	48	20,874.75	435
Closure	-	-	-	36	17,380.00	36	17,380.00	483
Creditors	116	46,934.75	403	19	3,330.75	135	50,265.50	372
Employees and pensions	4	2,794.25	635	1	148.75	5	2,943.00	589
Investigation	169	70,797.75	419	0	-	146	70,797.75	485
Statutory and compliance	284	133,420.00	470	30	13,933.50	314	147,353.50	470
Strategy and planning	71	29,237.00	411	30	13,933.50	101	43,443.75	430
Tax and VAT	251	165,509.50	660	23	15,736.25	274	181,245.75	662
Total hours and fees estimate	958	470,981.70	491	179	83,704.00	1,113	554,958.95	499

Our total remuneration for the work we set out in this report, cannot exceed the total amount of this fees' estimate without prior consent from the fee approving body.

The table above provides an estimate of the anticipated time likely to be required on the various areas of work except the Excluded Work and in future reports we will provide an update by reference to actual costs incurred. To facilitate such a comparison, we are likely to report costs on the same basis and using our normal rates.

3.2 Work we have done or propose to undertake

The following table provides details of the work we propose to do (indicated by ☐), have already done (✓) or which is in progress (▢). It provides a brief summary for each category rather than an exhaustive list of all possible tasks. The fees estimate for each category is also shown, together with costs incurred to 19 April 2022.

Table 3 – Work we propose to do

Category of work	General description	Work included	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and Treasury Incurred to date: 33 hours, £9,796.20 Estimated future to closure: 22 hours, £10,859		<ul style="list-style-type: none"> Opening and closing bank account and arranging facilities ✓ Dealing with receipts, payments and journals ☐ Carrying out bank reconciliations and managing investment of funds ☐ Carrying out individual verification of bank account details for payees ☐ Undertaking sanction checking in line with our statutory obligations prior to making third party payments ☐ Corresponding with bank regarding specific transfers ☐ 	Ensures proper management of the funds held To comply with statutory accounting obligations
Assets Incurred to date: 30 hours £12,492.25 Estimated future to closure: 18 hours £8,383	Stock Debtors	<ul style="list-style-type: none"> Reviewing stock listing and values ✓ Liaising with TF19 to establish the value of spares ✓ Liaising with ERL regarding the value of outstanding rolling stock and spares and disclaiming where deemed appropriate ☐ Ensuring adequate insurance remains in place in relation to the outstanding fixed assets and stock ☐ Corresponding with debtors ✓ Reviewing and assessing debtor ledgers ✓ Liaising with ERL regarding outstanding intercompany balances ☐ 	Realises funds for the benefit of creditors Realises funds for the benefit of creditors
	Insurance	<ul style="list-style-type: none"> Identifying potential issues requiring attention of insurance specialists ✓ Reviewing insurance policies ✓ 	Statutory requirement

		<ul style="list-style-type: none"> • Corresponding with insurers regarding initial and ongoing insurance requirements including in relation to assets that require insurance <input type="checkbox"/> • Instructing and liaising with solicitors regarding the intercompany claim <input type="checkbox"/> 	
	Third party assets	<ul style="list-style-type: none"> • Reviewing leasing documents <input checked="" type="checkbox"/> 	To verify creditor claims and the value of assets
	Intercompany claims	<ul style="list-style-type: none"> • Considering the quantum of a claim to set-off in relation to inter company transactions and to arrange for payment of any balances due <input type="checkbox"/> • Detailed review of transactions making up the inter company claims and considering the merits thereof <input type="checkbox"/> • Reviewing company records to identify potential asset recoveries <input type="checkbox"/> • Liasing with the directors in relation to an intercompany loan to obtain further information <input type="checkbox"/> • Instructing and liaising with solicitors regarding the intercompany claim <input type="checkbox"/> 	Realises funds for the benefit of creditors
Closure procedures		<ul style="list-style-type: none"> • Completing checklists and diary management system • Preparing for closure, including final reviews, clearances • Preparing and Issuing the Joint Liquidators' final account to creditors • Filing relevant notices at closure • Closing down internal systems 	To comply with statutory obligations and to ensure the orderly closure of the case.
Incurring to date: nil			
Estimated future to closure: 36 hours £17,380			
Creditors	Creditor enquiries	<ul style="list-style-type: none"> • Receiving and following up creditor enquiries via telephone, email and post <input type="checkbox"/> • Reviewing and preparing correspondence to creditors and their representatives <input type="checkbox"/> • Receiving proofs of debt and maintaining register and dealing with proofs for dividend purposes <input type="checkbox"/> 	Statutory requirement, to ensure creditors' claims are adjudicated properly
Incurring to date: 116 hours £46,934.75			
Estimated future to closure: 19 hours £3,331			
	Unsecured claims	<ul style="list-style-type: none"> • Preparing correspondence to potential creditors inviting lodgment of proof of debt <input type="checkbox"/> 	Statutory requirement, to ensure creditors' claims are adjudicated properly

		<ul style="list-style-type: none"> • Adjudicating claims, including requesting further information from claimants • Preparing correspondence to claimants advising outcome of adjudication and advising of intention to declare dividend • Advertising and sending notice intention to declare dividend • Calculating dividend rate and preparing dividend file • Preparing correspondence to creditors announcing declaration of dividend • Preparing and paying final distribution 	
	Shareholder enquiries	<ul style="list-style-type: none"> • Responding to any shareholder queries <input type="checkbox"/> 	
Employees and Pensions		<ul style="list-style-type: none"> • Liaising with our Pensions team <input type="checkbox"/> • Checks to confirm if there are any occupational pension schemes <input type="checkbox"/> • Clearances 	Statutory requirement
Incurred to date: 4 hours £2,794.25			
Estimated future to closure: 1 hour £149			
Investigations	Conducting investigations	<ul style="list-style-type: none"> • Collecting company books and records where related to investigatory work ✓ • Reviewing books and records <input type="checkbox"/> • Reviewing the Company's affairs and discharging our duty in accordance with the CDDA 1986 and SIP 2 ✓ 	To satisfy statutory requirements and to recover assets for the benefit of creditors.
Incurred to date: 169 hours £70,797.75			
Estimated future to closure: nil			
Statutory and compliance	Initial letters and notifications	<ul style="list-style-type: none"> • Preparing and issuing all necessary initial letters and notices regarding the liquidation and our appointment ✓ 	Statutory requirement
Incurred to date: 284 hours £133,420			
	Remuneration report	<ul style="list-style-type: none"> • Preparing and circulating to creditors a report giving details of the work we expect to carry out during the case, our fees estimate and the expenses that are likely to be incurred <input type="checkbox"/> 	Statutory requirement
Estimated future to closure: 30 hours £13,934			

Other meetings / resolutions	<ul style="list-style-type: none"> • Preparing documents and information for the purpose of obtaining approval to fees, Category 2 expenses and disbursements and other matters in the liquidation <input type="checkbox"/> • Issuing notices and associated documentation for seeking decisions of creditors 	Statutory requirement
Case reviews	<ul style="list-style-type: none"> • Conducting case reviews after the first month, then every six months <input type="checkbox"/> 	Statutory requirement
Progress reports	<ul style="list-style-type: none"> • Preparing and issuing periodic progress reports to creditors and Companies House <input type="checkbox"/> 	Statutory requirement
Books and records	<ul style="list-style-type: none"> • Collecting company books and records where not related to investigatory work <input checked="" type="checkbox"/> • Dealing with records in storage <input type="checkbox"/> • Sending job files to storage 	Statutory requirement
Other statutory and compliance	<ul style="list-style-type: none"> • Filing of documents <input type="checkbox"/> • Updating checklists and diary management system <input type="checkbox"/> 	Statutory requirement
Strategy and planning	<ul style="list-style-type: none"> • Completing tasks relating to job acceptance <input checked="" type="checkbox"/> • Preparing fee budgets & monitoring cost <input type="checkbox"/> • Maintaining EOS <input type="checkbox"/> 	Ensures orderly progression of case and cost management
Incurred to date: 71 hours £29,237		
Estimated future to closure: 30 hours £13,934		
Tax and VAT	Tax	
Incurred to date: 251 hours £165,509.50	<ul style="list-style-type: none"> • Gathering information for the initial tax review <input checked="" type="checkbox"/> • Carrying out tax review and subsequent enquiries <input checked="" type="checkbox"/> • Preparing and submitting tax computations • Reviewing prior returns and pre appointment information to establish tax losses that can be utilised <input checked="" type="checkbox"/> • Considering a strategy to optimise the value recoverable for the estate using tax losses <input checked="" type="checkbox"/> • Researching the potential value achievable for tax losses/group relief <input checked="" type="checkbox"/> • Corresponding with HMRC to validate the pre appointment 	To satisfy statutory requirements and to recover assets for the benefit of creditors.
Estimated future to closure: 23 hours £15,736		

corporation tax computation and return submitted by management in respect of the year ended 31 December 2018 period and dealing with follow up queries in relation to this

- Submitting the returns on behalf of the liquidators ✓
- Assessing the Company's obligation to make an SAO disclosure, including technical research into the application of the SAO rules and discussions to ascertain whether the group has undertaken SAO disclosures.
- Liaising with HMRC to get incorrectly issued penalties removed.
- Liaising with HMRC in relation to general tax enquiries □
- Liaising with Group in respect of the value and completing the sale of tax losses to ERL and liaising with third parties to conclude the sale ✓
- Considering offer for tax losses ✓
- Review of documentation prepared for the sale of tax losses ✓
- Submitting tax returns for the liquidation as required by statute
- Updating and advising the liquidators on tax matters □
- Obtaining tax clearance

VAT		Statutory requirement
	<ul style="list-style-type: none"> • Gathering information for the initial VAT review ✓ 	
	<ul style="list-style-type: none"> • Carrying out VAT review and subsequent enquiries ✓ 	
	<ul style="list-style-type: none"> • Preparing and submitting pre appointment VAT return ✓ 	
	<ul style="list-style-type: none"> • Agreeing set off of pre-appointment liability to HMRC ✓ 	
	<ul style="list-style-type: none"> • Preparing VAT returns on a quarterly basis 	
	<ul style="list-style-type: none"> • Liaising with HMRC 	
	<ul style="list-style-type: none"> • Deregistering for VAT 	
	<ul style="list-style-type: none"> • Preparing and submitting VAT 426 forms post deregistration to reclaim any VAT due and obtaining VAT refund currently outstanding 	

Included in the above table are tasks that we must perform that may not directly benefit creditors financially. These typically relate to fulfilling obligations imposed by statute or regulatory bodies. Tasks relating to assets, claims and distributions provide a direct benefit to creditors in the realisation of funds for the estate and return of these to creditors.

3.3 Our time charging policy and hourly rates

The time we charge to the liquidation is by reference to the time properly given by our staff and us in attending to matters arising.

It is our policy to delegate tasks to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Joint Liquidators personally.

Set out below are the relevant maximum charge-out rates per hour worked for the grades of staff actually, or likely to be, involved on this assignment.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.05 units). There has been/will be no allocation of any general costs or overhead costs. These rates will apply to each part of our work.

Specialist departments with our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour. The rates provided below are the maximum charge out rates.

Table 4 – Charge-out rates

With effect to 30 June 2020	Business recovery Services Maximum rate per hour (£)	Specialist maximum rate per hour (£)
Grade		
Partner	890	1,200
Director	780	975
Senior Manager	590	850
Manager	510	630
Senior Associate	425	500
Associate	265	275
Offshore professionals	265	270
Support staff	135	140

With effect to 30 June 2021	Business recovery Services Maximum rate per hour (£)	Specialist maximum rate per hour (£)
Grade		
Partner	955	1,200
Director	840	975
Senior Manager	665	850
Manager	575	630
Senior Associate	465	500
Associate	297	275
Offshore professionals	297	297
Support staff	155	140

With effect to 30 June 2022	Business Recovery Services Maximum rate per hour (£)	Specialist maximum rate per hour (£)
Grade		
Partner	980	1,230
Director	865	1,000
Senior Manager	685	890
Manager	595	675
Senior Associate	480	530
Associate	350	320
Offshore professionals	350	320
Support staff	160	145

In common with all professional firms, hourly rates increase from time to time over the period of the liquidation (for example to cover annual inflationary cost increases). Any material amendments to these rates will be advised to the fee approving body when seeking fee approval, and to creditors in our next statutory report.

3.4 Roles and grades of staff

The following descriptions of each grade of standard staff are a general guide only. From time to time there may be persons working on this assignment who, because of their skills and experience, are employed in positions where they may not necessarily meet all of these qualifications.

Title	Description
Partner	A licensed insolvency practitioner with extensive experience of insolvencies. A partner in PwC and senior member of management with ultimate responsibility (along with joint appointees) for the conduct of the insolvency and decisions on a case. If not an office-holder in relation to the appointment (usually only on large and complex appointments), may be qualified to accept appointments in their own right. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
Director	Individuals highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams. Usually a licensed insolvency practitioner and an office-holder in relation to the appointment with similar decision-making responsibilities. If not an office-holder in relation to the appointment (usually only on large and complex appointments), may be qualified to accept appointments in their own right. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills.
Senior Manager	Experienced in insolvency matters with strong technical knowledge and commercial skills. Capable of supervising teams, often with a project management role on larger cases and/or responsibility for complex aspects of larger matters. Alternatively, may have specialist business or industry skills, and management experience at a senior level, or a combination of skills. Grades of Senior Manager and below have delegated authority to make decisions on behalf of the appointed office-holders in certain aspects of a case.
Manager	Experienced in insolvency matters with well-developed technical and commercial skills. Capable of supervising smaller teams, and can take day-to-day responsibility for smaller to medium matters, or aspects of more complex matters. Alternatively, may have management, business, or industry skills, or a combination of skills.
Senior Associate	Generally has an insolvency qualification or accounting qualification. Assists with planning and control of various aspects of the insolvency, but is primarily responsible for completing fieldwork and/or compliance related matters under the supervision of more senior staff.
Associate	Has appropriate skills to provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. Often a part-qualified accountant or works regularly on insolvency matters.

Offshore professionals	Generally a qualified or trainee accountant, depending on the nature of the work. Assists with planning and control of various aspects of the insolvency, but is primarily responsible for completing office work under the supervision of more senior staff.
Support staff	Has appropriate skills to provide administrative support to the team.

3.5 Further approval

Creditors should be assured that the provision of a fees estimate will not affect the proper conduct of the liquidation. If the necessary work exceeds (or is likely to exceed) that included in the fees estimate, we can seek consent, usually from the fee approving body, for our fees to exceed the fees estimate.

Our fees estimate is based on a number of assumptions, which are explained in Section 6. In broad terms and in our experience, the key issues likely to affect the level of costs are the:

- Availability and quality of the books and records;
- Level of co-operation received from third parties, connected to the liquidation;
- Level of interest in the assets and speed of any sale;
- Support from external stakeholders, including HMRC, particularly with regard to pre appointment tax recoveries and subsequent tax clearance; and
- Any changes to our strategy that might be necessary as a result of the above.

The fees estimate has been drawn together on the basis of a set of assumptions set out on pages 7-11 and excludes the Exclude Work. Should these assumptions change, it may be necessary to seek further fee approval. A separate fee approval will be sought in relation to the Excluded Work.

In our periodic progress reports, we will keep creditors updated on how our fees are compared to the fees estimate. The latest updates can be found in our most recent annual progress report dated 18 October 2021.

4. Expenses

4.1 What is an expense?

Expenses are amounts properly payable by the office holder from the estate but excludes our fees and dividends to creditors. These include disbursements, which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. They fall into two categories: Category 1 and Category 2:

Expenses	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to associates or which have an element of shared costs.

We don't need approval from creditors to pay Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors which approves our fees (in this case the general body of creditors) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The rate for services provided by the Liquidators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.

The table below shows the Category 2 expenses that we think will be incurred in relation to this liquidation and our proposed policy for recovering these costs.

The following disbursements have been incurred to 19 April 2022:

Category	Policy	Costs incurred (£)
1	Archiving	20.27
2	Printing	19.16
	Total	39.43

4.2 Our expenses estimate

The following table shows expenses incurred up to 19 April 2022 and an estimate of further expenses we consider will be (or are likely to be) incurred .

Table 5 – Expenses estimate

Nature of expenses	Incurred to date (£)	Estimate of future expenses (£)	Total (£)
Bank charges	-	100.00	100.00
Insurance	1,568.00	300.00	1,868.00
ISA unclaimed dividends fee	-	25.75	25.75
Legal fees and expenses	65,657.00	30,000.00	95,657.00
Office holders' disbursements (1)	39.43	960.57	1,000.00
Statutory advertising	154.00	90.00	244.00
Total expenses	67,418.43	31,476.32	98,894.75

(1) The estimated total office holder disbursements here includes bonding charges which were omitted from the recent progress report.

The total expenses estimate for the case is £98,894.75

The estimate excludes any potential tax liabilities that may be payable as an expense of the liquidation in due course because amounts due will depend on the position at the end of the tax accounting period.

5. Professionals and subcontractors

Table 6 – Professionals and subcontractors

Service provided	Name of firm	Reason selected	Basis of fees
Legal advice, including the below but excluding associated Excluded work costs: <ul style="list-style-type: none">• Advice and review in relation to loan/commercial documentation;• Preparation and advice surrounding the sale of tax losses to ERL;• Legal advice as regards to set off rights and other matters connected to intercompany claims;• Reviewing documentation and preparation of correspondence on behalf of the Joint Liquidators regarding intercompany claims; and• Advice in respect of liquidation strategy and our ongoing investigation work.	DLA Piper LLP	Industry knowledge and insolvency expertise	Time costs and disbursements

We require third party professionals to submit time costs analyses (where the fee basis is time costs) and narrative in support of invoices rendered. We request time breakdowns and narratives to review professional firms' costs where work performed was solely on a time costs basis or wasn't pre agreed.

We confirm that we have not sub-contracted any works to third parties which could otherwise have been done by our staff. We do not intend to do so in the future.

6. Notes and assumptions

6.1 Fees estimate

- Does not include any costs for the Excluded Work, which will be covered by a separate report and approval;
- The above fee estimate is calculated on the basis that the spares will be disclaimed;
- We are able to conclude our work on the intercompany claim within the next three months;
- That we will pay one distribution to unsecured creditors;
- HMRC will not raise significant queries in relation to pre appointment tax losses and will make payments within the next 6 months, as well as giving the Joint Liquidators clearance in a timely manner;
- The case can be concluded within the next 12 months;
- The outstanding issues in relation to the intercompany claim can be resolved within the next three months

6.2 Expenses

We have made the following key assumptions:

- Estimated future expenses are based on current estimated time frames.
- Estimated future expenses are based on current estimates with current providers.
- The expenses detailed do not include any Excluded Work.
- Estimated future expenses assumes all VAT will be recoverable.

6.3 Associates

The Joint Liquidators have no business or personal relationships with parties responsible for approving remuneration or who provide services to the Joint Liquidators in respect of the appointment where the relationship could give rise to a conflict of interest.

Appendix A: Receipts and Payments

Statement of Affairs (£)	19 August 2019 to 18 August 2021 (£)	19 August 2021 to 19 April 2022 (£)	Total to 19 April 2022 (£)
Receipts			
	6,091.16	2,309.95	8,401.11
2,490,607.00	-	-	-
2,236,721.00	2,224,720.78	-	2,224,720.78
	256,285.42	-	256,285.42
	-	200.00	200.00
	-	842,376.64	842,376.64
798,080.00	641,247.42	-	641,247.42
	3,128,344.78	844,886.59	3,973,231.37
Payments			
	(1,126.89)	-	(1,126.89)
	(38,400.00)	(27,257.00)	(65,657.00)
	(1,120.00)	(448.00)	(1,568.00)
	(154.00)	-	(154.00)
	(40,800.89)	(27,705.00)	(68,505.89)
Balance	3,087,543.89	817,181.59	3,904,725.48
VAT Control Account	-	-	-
Cash held in an interest bearing Bank Account (5)	3,087,543.89	3,904,725.48	3,904,725.48

Notes to the R&P

1. Amounts shown exclude VAT. Funds currently held may include monies due to HMRC.
2. The VAT refund recovered is the net position following a set off claim applied by HMRC.
4. There have been no payments made to us, our firm, or our associates.
5. Funds are held in an interest bearing account.
6. The Statement of Affairs costs were excluded in error from our last progress report to creditors dated 18 October 2021. This information is included now to correct that position.

Account type	Total £
Interest bearing account in the name of the insolvent estate	3,904,725.48
Total	3,904,725.48