

North Devon Theatres' Trust (the Company)

Fees Information in accordance with The Insolvency (England & Wales) Rules 2016

Fees Overview

Prior to an insolvency practitioner agreeing the basis of his remuneration as liquidator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where the liquidator proposes to take all or any part of this remuneration based on the time he and his staff will spend dealing with the affairs of the insolvent company, a *fees estimate* must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a *fees estimate* may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the *fees estimate* is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the liquidation. If it is considered that the *fees estimate* will be exceeded, the liquidator will provide an update and seek approval to increase the previously agreed *fees estimate*.

This *fees estimate* is provided in relation to the work that must be completed through the liquidation of the Company. A separate *fees estimate* was issued during the Administration process to cover the work which was completed through the Administration.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the liquidator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, a liquidator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. A liquidator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis

In this case, it is being proposed that the basis of my remuneration as liquidator will be based on the time spent by me and my staff in dealing with the Company's affairs. Attached to this document is my *fees estimate*, together with an explanation of the work I propose undertaking.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my *fees estimate*, I have indicated the rates and grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

This *fees estimate* is produced on the basis of all the work I currently propose will be necessary in the liquidation. If I consider the *fees estimate* will be exceeded, I will notify creditors accordingly and provide a revised estimate and seek further approval for my increased fees.

Outline of work to be done by the liquidator

Below are details of the work I propose undertaking in support of the above *fees estimate* for the liquidation:

Administration (including statutory compliance & reporting)

Liquidators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work includes:

- Notifying creditors of the liquidator's appointment following the Administration and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Preparing and issuing annual progress reports to members and creditors and/or a final account
- Lodging periodic returns with the Registrar of Companies for the liquidation and/or a final return
- Complying with statutory duties in respect of the liquidator's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Ongoing securing of the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's changed insolvency status to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the liquidation
- Submitting a statutory report to the Insolvency Service under the CDDA, if necessary.
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the liquidation estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance

Realisation of assets

Work done by the liquidator, his staff and any third parties engaged to assist the liquidator in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and/or unsecured creditors of the Company. Further information on the likely outcome of the liquidation process will be provided in the liquidator's subsequent progress reports.

Many of the assets were realised as detailed in the final Joint Administrators' report to creditors. There are a small number of book debts which continue to be outstanding. I am continuing to pursue these through the liquidation

Creditors (claims and distributions)

As liquidator, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the Company's estimated statement of affairs, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the liquidation process and the related costs and expenses, a distribution may become available to the preferential and unsecured creditors. I will deal with the review and adjudication of creditors' claims as appropriate, if and when it is determined that a dividend is to be declared to that class of creditor.

There is a significant number of small value claims in this liquidation due to the nature of the Company's business. It is expected that there may be up to as many as 2,500 individual claims that relate to tickets for shows and performances purchased in advance from the Company prior to it ceasing to trade on 23 January 2017. In many cases the respective issuing banks and credit card providers have been able to provide refunds to individuals who have bought tickets. In these cases the merchant bank will become the creditor and therefore reduce the number of individual claims.

In order to save costs I will not seek to formally check claims below £1,000, other than those relating to cash purchases, and those claims will otherwise be agreed.

Creditors have been reminded that if they have successfully obtained a refund from their bank/card provider and have not otherwise withdrawn any claim lodged in the Administration/Liquidation then any amount received from the liquidation as a dividend should be passed to back to their bank/card provider to avoid a fraudulent double claim.

The very large number of potential claimants, and the general public interest nature of this case, continues to generate a significant amount of enquiries regarding the progress of the liquidation and matters generally, all of which require a response. This fees estimate includes time spent to date in that respect together with a provision for dealing with future enquiries.

Investigations

As Liquidator, I am required to consider the investigations into the conduct of the directors of the Company and transactions that I conducted during the Administration, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations). I will need to establish if anything further has come to light.

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. I have included the time I consider will be needed to comply with the above legislation within ***Administration*** above.

If however, my initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will be estimated within this time category.

At this stage, I do not foresee any substantial investigation work will be required due to completing my review during the prior Administration process.

Liquidator's Expenses

As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the liquidation. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update in my first progress report to creditors at the anniversary of my appointment as liquidator or sooner, if the case is concluded beforehand.

Expense	Estimated cost £
<i>Solicitors' costs for ongoing legal advice</i>	500
<i>Advertising</i>	200
<i>Postage</i>	100

Bishop Fleming LLP's Charge-out rates and Category 2 disbursements policy

Attached to this document are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements 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 include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of my remuneration as liquidator is fixed.

It should be noted that my firm's charge-out rates may increase periodically. If any such increases impact on the ***fees estimate*** for the liquidation, creditors will be notified accordingly.

Liquidator's Fees Estimate

Below is my **fees estimate** for the liquidation. The work the liquidator anticipates undertaking in relation to this estimate has been outlined above. It is an estimate for the entire liquidation. If I consider this estimate will be exceeded, I will advise creditors and seek approval for my revised **fees estimate** as appropriate.

	Total Estimated hours	Total Estimated Cost £	Average hourly rate £
Administration (inc statutory compliance & reporting)	46.10	9,003.00	195.29
Realisation of assets	12.20	2,128.00	174.43
Creditors (claims & distributions)*	87.50	16,122.00	184.25
Investigations	4.00	905.00	226.25
Totals	149.80	£28,158.00	£195.06