



Antony Batty & Company LLP  
INSOLVENCY, RECOVERY & TURNAROUND

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**Private and Confidential**

Date: 20 December 2023

To Shareholders

Our ref: CRYSLIS  
Contact: Matthew Coombe-Tennant

Dear Sir/Madam,

**CHRYSLIS VCT PLC ("THE COMPANY") – IN MEMBERS' VOLUNTARY LIQUIDATION**

Further to the Company being placed into Liquidation and following the third anniversary of my appointment as Liquidator I write to advise you that the progress report is now available at [www.antonybatty.net/client-login.php](http://www.antonybatty.net/client-login.php). You will need to enter the following client ID to access the report: 558355699.

1. Report on the progress of the Liquidation.
2. Summary of receipts and payments.

The report should be read in conjunction with my previous correspondence.

Please be advised that a final distribution of 0.3735p per share referred the accompanying letter is after providing for Liquidators fees of £55,000 plus VAT and expenses. As the amount exceeds our original estimate, I am required to seek a written resolution to formally approve my fee increase, and in connection with that I enclose:

- Notice of written resolutions
- Practice fee recovery sheet

If you cannot access the report and written Resolutions on the website or otherwise want to request a paper copy or If you have any queries regarding this report or the conduct of the liquidation in general, you should contact Matthew Coombe-Tennant by email at [Matthewc@antonybatty.com](mailto:Matthewc@antonybatty.com), or by phone on 020 7831 1234.

Antony Batty & Company LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Antony Batty & Company LLP uses your personal information on our website at <http://www.antonybatty.com/insolvency-resources>.

Yours faithfully,

**William Antony Batty**  
**Joint Liquidator**

**WRITTEN RESOLUTIONS**

**CHRYSLIS VCT PLC - IN MEMBERS' VOLUNTARY LIQUIDATION**

**COMPANY NUMBER 04095791**

Members are requested to consider the following written resolution as an Ordinary resolution, and to signify their voting intentions by completing the document and then signing and returning it to the Company at 3 Field Court, Gray's Inn, London, WC1R 5EF or via email to [Sheniz@antonybatty.com](mailto:Sheniz@antonybatty.com) by no later than 26 January 2024:


**Resolution**

"That the Liquidators' fees continue to be charged by reference to the time properly spent by them and their staff in dealing with the matters relating to the liquidation of the Company, but that the cap on their fees be increased to £55,000."

**FOR/AGAINST**

DATED THIS 19<sup>TH</sup> DAY OF DECEMBER 2023

BY ORDER OF THE LIQUIDATORS

  
.....

**William Antony Batty**  
**JOINT LIQUIDATOR**

**Name of Member:**

**Signed:**

.....

**Dated:**

**CHRYSLIS VCT PLC - IN LIQUIDATION**

**JOINT LIQUIDATORS' PROGRESS REPORT**

**DATE OF REPORT: 20 DECEMBER 2023**

**ANTONY BATTY & COMPANY LLP**  
**3 FIELD COURT**  
**GRAYS INN**  
**LONDON**  
**WC1R 5EF**

## **CHRYSLIS VCT PLC - IN LIQUIDATION**

This report is prepared in accordance with the provisions of the Insolvency Act 1986, which require the Liquidator to provide members with an update of the progress of the liquidation. The report has been prepared for the purpose of advising members. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by members for any purpose other than advising them, or by any other person for any purpose whatsoever.

W A Batty & H F Jesseman were appointed as Joint Liquidators of Chrysalis VCT PLC on 26 November 2020.

WA Batty, HF Jesseman and CE Howell are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales.

### **Abbreviations used in this report:**

- Chrysalis VCT PLC - ("the Company")
- W A Batty & H F Jesseman - ("the Joint Liquidators")
- HM Revenue & Customs - ("HMRC")
- Chrysalis VCT Management Limited- ("CVML")

## **CHRYSLIS VCT PLC – IN MEMBERS' VOLUNTARY LIQUIDATION**

### **JOINT LIQUIDATORS' PROGRESS REPORT TO MEMBERS**

**For the 26 November 2022 to 25 November 2023**

#### **STATUTORY INFORMATION**

Company name:	Chrysalis VCT PLC
Former registered name	Downing Classic VCT 3 Plc
Registered office:	3 Field Court, Gray's Inn, London, WC1R 5EF
Former registered office:	6 <sup>th</sup> Floor, St Magnus House, Lower Thames Street, London, EC3R 6HD
Registered number:	04095791
Liquidators' name:	William Antony Batty and Hugh Francis Jesseman
Liquidators' address:	3 Field Court, Gray's Inn, London, WC1R 5EF
Date of appointment:	26 November 2020

#### **LIQUIDATORS' ACTIONS LAST REPORT**

During the period of this report, CVML have continued to assist with the management and realisation of the Company's investments. I have been liaising closely with them during the course of the Liquidation.

Please note that 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 in the Appendices.

As part of my role as liquidator, I may need to access and use data relating to individuals, which may include the members of the Company in relation to my obligations under the Money Laundering Regulations 2017. In doing so, I must abide by data protection requirements. Antony Batty & Company LLP's Privacy Notice about the way that personal data is used and stored can be found at <http://www.antonybatty.com/insolvency-resources>. If you are unable to download this, please contact my office and a hard copy will be provided to you.

#### **RECEIPTS AND PAYMENTS ACCOUNT**

My Receipts & Payments Account for the period from 26 November 2022 to 25 November 2023 is attached at Appendix 1. Please note that receipts and payments in the account are shown net of VAT. I have reconciled to the financial records that I am required to maintain.

The balance of funds are held in an interest bearing estate bank account.

## **ASSETS**

The Declaration of Solvency indicated that the assets of the Company were those detailed below and held a total value of £15,016,000 of which I have realised a total of £14,101,539 during the course of the Liquidation. I have undertaken the following work in order to protect and realise the known assets or potential assets of the Company during the period of this report:

### **Investments**

During the course of the Liquidation, realisations from the venture capital investments total £13,328,781 compared with an original estimate of £13,874,000. Of this total, £15,000 was realised during the period of this report.

As advised previously, the investment in Coolabi Limited was sold for £3.6million including a vendor loan to the buyer of £1.675million, which was due to be repaid before 31 December 2022.

Due to delays in fundraising and the deteriorating financial condition of the obligor led to a series of delays in repayment. As a result, a decision was made to dispose of the loan for nominal value to allow the final winding up of the Company, which was incurring costs simply by being in existence.

### **Other Assets**

I have received £2,175 of bank interest during the reporting period. Lubbock Fine have been instructed to complete and submit the final returns to account for Tax due on the interest received in this period.

I am not aware of any further assets. However, should any member be aware of any such asset, please advise me immediately.

## **LIABILITIES**

### **Secured Creditors**

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has no current charges over its assets.

### **Preferential Creditors**

I am not aware of any claims from preferential creditors in this matter.

### **Crown Creditors**

The Declaration of Solvency did not include an amount owed to HMRC. I have not received a claim from HMRC to date.

### **Non-preferential unsecured Creditors**

I can confirm that I have not received any claims from creditors to date.

### **Share Capital**

The Company's share capital as at 25 November 2020 was 27,998,701 Ordinary Shares of 1p each. This remains unchanged.

The following distributions were made to the Members ordinary shares:

	Amount Distributed £	Rate of distribution per share p in £	Date
Issued share capital	-	-	N/A
Return of share capital	-	-	N/A
Cash distributions	13,019,393		24/11/21 & 17/06/22 & 02/09/22

**Members should retain the notice of declaration of distributions for their own tax affairs. Individual distributions to shareholders, which remain unbanked after six months, will be transferred to the Insolvency Services unclaimed dividend account.**

#### **JOINT LIQUIDATORS' REMUNERATION**

My remuneration was previously authorised by Members at a meeting held on 26 November 2020 to be charged on a time cost basis capped at £30,000. My total time costs to date of progress report amount to £47,971, representing 204 hours work at an average charge out rate of £235 per hour, of which £15,064, representing 60 hours work was charged in the period since date to which last report prepared, at an average charge out rate of £251 per hour.

I have not yet invoiced any remuneration in this matter.

A schedule of my time costs incurred to date is attached as Appendix 2.

I have incurred time costs in excess of the estimated level set out in the Circular in October 2020. This is primarily due to the realisations of the investments being substantially more complex than initially anticipated and additional work in liaising with the Administration Manager, Investment Manager and Supervisory Committee. There have also been inflationary increases in our time costs since October 2020.

Although some of my work did not give direct financial benefit to the Members, I have had to undertake it in order to meet my requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that I must follow.

I estimate further time costs will be incurred in order to finalise and close this Liquidation, accordingly I am seeking to increase my total time costs to £55,000 plus VAT. This increased estimate will act as a cap on my time costs so that I cannot draw fees of more, than the total estimated time costs without further approval from Members.

I do not anticipate needing to seek approval to draw fees in excess of this increased amount.

It falls to the Members to approve, or reject, my request for a fee increase. I am seeking a written ordinary resolution of the Members and enclose formal notice of the written resolution being sought. Please consider the resolution and vote 'for' or 'against' where indicated. When you have made your decision, please sign and return the written resolution to Sheniz Bayram at [Sheniz@antonybatty.com](mailto:Sheniz@antonybatty.com) or by post to Antony Batty & Company LLP 3 Field Court, Gray's Inn, London, WC1R 5EF.

**Please note that, in accordance with Section 296(3) of the Companies Act 2006, once you have signified your agreement to a written resolution your agreement may not be revoked.**

The replies of all of the Members will be collated, and each resolution will be passed if and when the required majority of more than 50% of Members' votes has been reached. Alternatively, if sufficient Members vote against, the resolution will not be passed if it becomes impossible for the required majority in favour to be achieved.

Please return the written resolutions signifying your agreement as soon as possible, and in any event before date, the final expiry date for their consideration. If Members delay voting beyond this date, or abstain from voting, the Company's business may be inconclusive.

A copy of 'A Members' Guide to Liquidators' Fees', together with an explanatory note which shows Antony Batty & Company LLP's fee policy are available at the link <https://www.antonybatty.com/insolvency-resources>.

#### **JOINT LIQUIDATORS' EXPENSES**

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

I have incurred total expenses of £857,769, of which I incurred £75,437 in the period since 26 November 2022 to which have been paid in full apart from the Category 1 and 2 expenses detailed below.

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

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Basis of Fees</b>
Chrysalis VCT Management Limited	Investment Management	% basis
Downing LLP	Administration Services	Fixed Fee
Max Ansell	Solicitors Swearing Fee	Fixed Fee
Lubbock Fine LLP	Accountancy Fees	Fixed Fee
The City Partnership (UK) Ltd	Registrar Services Fee	Fixed Fee
Downing LLP	Management & Admin Fee	Fixed Fee
Martin Knight	Supervisory Committee - Salary	Fixed salary
H M Revenue & Customs	Payroll PAYE/NIC	% basis

Downing LLP have been paid £30,938 in respect of administration services and £78 being a recharge of cost incurred in renewing the Company's LEI number. Their administration services fee is based on a fixed fee.



Max Ansell, a solicitor, has been paid £60 in respect of his assistance in certifying documentation necessary for the progression of sale and transfers of investments. His fee is based on a fixed fee.

Lubbock Fine have been paid £2,700 plus VAT in respect of their assistance in the preparation of the Capital Gains Tax return for the previous period. Their fee was based on a fixed fee.

The City Partnership (UK) Limited have been paid £11,528 plus VAT for share registrar services. This fee is based on a fixed fee.

Martin Knight has been paid £14,688 over the period in respect of salary.

HMRC have been paid £12,585 in respect of PAYE/NIC on wages paid to Martin Knight.

The choice of professionals 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 also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case.

I have incurred the following expenses in the period since the commencement of the Liquidation.

Type of expense	Amount incurred	Amount unpaid
Specific Bonding	£1,286	£1,020
Statutory Advertising	£254	£254

Details of the category 1 expenses that I have paid to date and in the reporting, period are included in the receipts and payments account attached.

I am required to seek approval before I can pay any expenses to associates or pay expenses where there is an element of shared costs, which are known as category 2 expenses. I have obtained approval to pay the following category 2 expenses. I have incurred the following category 2 expenses in the period since the commencement of the Liquidation.

Type of category 2 expense	Amount incurred	Amount unpaid
Postage	£2,106	£2,106

Details of the category 2 expenses that I have paid to date and in the reporting period are included in the receipts and payments account attached.

I set out below, a comparison of the expenses incurred against those I originally anticipated would be incurred during the liquidation:

<b>Nature of expense</b>	<b>Estimated expenses</b>	<b>Expenses incurred to date</b>
Statutory Advertising	£250	£254
Specific Bond	£473	£1,286
Postage	£7	£2,107
Photocopying	£7	-
Formal Search Fees	£20	-
Storage Costs	£75	-
Subscription Fees	-	£652
Regulatory Fees	£676	£1,328
Accountancy Fees	£1,620	£4,050
Legal Fees	£13,851	£11,543
Brokers Fees for Insurance	-	£1,750
Website & Domain Expenses	-	£400
Printing & Mailout Expenses	£18,069	£5,898
LSE Fees	-	£78
Wages & Salaries	£75,000	£44,636
PAYE/NIC	£10,350	£40,973
Management & Admin Fees	£790,525	£705,838
Certification Fees	-	£60
Registrar Fees and Expenses	£45,000	£36,916
<b>Total</b>	<b>£955,923</b>	<b>£857,769</b>

As you can see above, the total expenses I incurred are broadly in line with the total expenses I estimated I would incur £30,000 plus VAT (as noted in the Shareholder circular) when my remuneration was approved.

#### **FURTHER INFORMATION**

A Member may, with the permission of the court or with at least 5% of the total voting rights of all the Members having the right to vote at general meetings of the company request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report.

A Member may, with the permission of the court or with at least 10% of the total voting rights of all the Members having the right to vote at general meetings of the company, apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report.

The Liquidation will remain open until a final distribution has been paid to members. From discussions with the Investment Manager & Supervisory Committee, I understand that there is a reasonable prospect of this completing within the next 3-6 months. Once resolved the Liquidation will be finalised and the files will be closed.

If members 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 Matthew Coomes Tennant on 020 7831 1234, or by email at [Matthewwc@antonybatty.com](mailto:Matthewwc@antonybatty.com).

A handwritten signature in black ink, appearing to read 'W. Batty', with a stylized flourish at the end.

**William Antony Batty**  
**Joint Liquidator**  
**Date: 20 December 2023**

**Chrysalis VCT PLC**  
**(In Liquidation)**  
**JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT**

	Declaration of Solvency £	From 26/11/2022 To 25/11/2023 £	From 26/11/2020 To 25/11/2023 £
<b>RECEIPTS</b>			
Book Debts	123,000.00	0.00	0.00
Shares & Investments	13,874,000.00	15,000.00	13,328,781.91
Cash at Bank	1,019,000.00	0.00	759,492.43
Refund of Overpayment		0.00	9,248.29
Bank Interest Gross		2,174.55	2,994.25
		<u>17,174.55</u>	<u>14,100,516.88</u>
<b>PAYMENTS</b>			
Management Services		78.00	78.00
Specific Bond		0.00	236.25
Certifying Fees		60.00	60.00
Licence Renewal Fees		0.00	652.20
FCA Regulatory Fees		0.00	676.00
Accountancy Fees'		2,700.00	4,050.00
Legal Fees (1)		0.00	11,542.50
VAT Unrecoverable		2,861.20	11,776.98
Brokers Fees for Insurance		0.00	1,750.00
Website & Domain Expenses		0.00	400.00
Printing & Mailout Expenses		0.00	5,898.12
Subscription Fees		0.00	652.20
LSE Fees		0.00	78.00
Registrar Services Fees		11,528.03	23,335.49
Registrar Expenses		0.00	13,580.85
Management Administration Fees		30,937.50	41,250.00
Wages & Salaries		14,687.50	44,635.63
PAYE & NI		12,584.83	40,972.57
Management Fees		0.00	491,907.12
Trade & Expense Creditors	(84,000.00)	0.00	0.00
Ordinary Shareholders		0.00	13,019,393.48
		<u>75,437.06</u>	<u>13,712,925.39</u>
Net Receipts/(Payments)		<u>(58,262.51)</u>	<u>387,591.49</u>
<b>MADE UP AS FOLLOWS</b>			
Bank 1 Current - Interest bearing		(58,262.51)	387,591.49
		<u>(58,262.51)</u>	<u>387,591.49</u>

Note:

Dividend information:

Ordinary shareholders paid at 10p per share on 24 November 2021 totalling £2,799,870.10

Ordinary shareholders paid at 17.5p per share on 17 June 2022 totalling £4,899,770.19.

Ordinary shareholders paid at 19p per share on 2 September totalling £5,320,298.71

## Time Entry - Detailed SIP9 Time & Cost Summary

CRYSLIS - Chrysalis VCT PLC

From: 26/11/2020 To: 25/11/2023

Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
000 : Non Analysed	0.00	0.00	0.10	1.50	1.60	197.50	123.44
100 : Administration & Planning	6.20	17.60	0.50	50.30	74.60	15,026.50	201.43
102 : Administrative set-up	0.00	0.00	0.00	3.70	3.70	405.50	109.59
103 : Appointment notification	0.00	3.30	0.00	2.80	6.10	1,388.00	227.54
104 : Maintenance of records	0.00	0.80	0.00	24.95	25.75	3,138.50	121.88
105 : Statutory reporting	0.00	0.50	0.00	0.00	0.50	186.50	373.00
107 : Case Monitoring	1.20	16.70	0.00	0.30	18.20	6,630.00	364.29
108 : IPS Case Set-up	0.00	0.10	0.00	0.00	0.10	38.00	380.00
110 : Members correspondence	0.00	3.20	0.00	12.60	15.80	2,448.50	154.97
<b>Administration &amp; Planning</b>	<b>7.40</b>	<b>42.20</b>	<b>0.60</b>	<b>96.15</b>	<b>146.35</b>	<b>29,459.00</b>	<b>201.29</b>
600 : Case Specific	0.00	0.00	0.20	0.00	0.20	65.00	325.00
<b>Case specific matters</b>	<b>0.00</b>	<b>0.00</b>	<b>0.20</b>	<b>0.00</b>	<b>0.20</b>	<b>65.00</b>	<b>325.00</b>
500 : Creditors	0.00	0.40	0.00	2.30	2.70	375.00	138.89
501 : Creditor Communication	0.00	0.60	0.00	6.60	7.20	861.00	119.58
502 : Claims inc. emp, prefs	0.00	1.30	0.00	0.00	1.30	487.50	375.00
505 : Progress Report	2.90	20.00	0.00	4.50	27.40	9,547.50	348.45
506 : Payment of dividends	0.80	2.60	0.60	0.00	4.00	1,512.00	378.00
<b>Creditors</b>	<b>3.70</b>	<b>24.90</b>	<b>0.60</b>	<b>13.40</b>	<b>42.60</b>	<b>12,783.00</b>	<b>300.07</b>
300 : Realization of assets	3.20	9.82	0.00	0.30	13.32	5,098.30	382.76
301 : Ident, securing, insuring	0.00	0.70	0.00	0.00	0.70	266.00	380.00
<b>Realisations of Assets</b>	<b>3.20</b>	<b>10.52</b>	<b>0.00</b>	<b>0.30</b>	<b>14.02</b>	<b>5,364.30</b>	<b>382.62</b>
401 : Management of operations	0.00	0.80	0.00	0.00	0.80	300.00	375.00
<b>Trading</b>	<b>0.00</b>	<b>0.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.80</b>	<b>300.00</b>	<b>375.00</b>
<b>Total Hours</b>	<b>14.30</b>	<b>78.42</b>	<b>1.40</b>	<b>109.85</b>	<b>203.97</b>	<b>47,971.30</b>	<b>235.19</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	

## Time Entry - SIP9 Time & Cost Summary

CRYNALIS - Chrysalis VCT PLC

Project Code: POST

From: 26/11/2022 To: 25/11/2023

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	4.60	9.00	0.00	27.95	41.55	9,176.50	220.85
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	1.10	10.90	0.00	5.20	17.20	5,396.00	313.72
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	1.30	0.00	0.00	1.30	491.50	378.08
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>5.70</b>	<b>21.20</b>	<b>0.00</b>	<b>33.15</b>	<b>60.05</b>	<b>15,064.00</b>	<b>250.86</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

## Appendix 3.

### 1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening and holding a general meeting of 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 progress reports to Members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

**ANTONY BATTY & COMPANY LLP****TIME COSTS – CHARGE OUT RATES PER HOUR AND EXPENSES POLICY.****1 JULY 2023 TO 30 JUNE 2024**

<b>Historic hourly charge out rates</b>	<b>18/21</b>	<b>21/23</b>	<b>23/24</b>
Office Holder (e.g., Administrator)	£435	£455	£580
Director	£-	£-	£460
Senior Manager	£380	£395	£395
Case Manager	£340	£375	£375
Senior Administrator 2	£295	£325	£-
Senior Administrator 1	£260	£285	£295
Administrator	£175	£195	£210
Junior Administrator	£95	£110	£140

Time is charged in unit of six minutes; the minimum unit of time is therefore six minutes.

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

**Expenses Policy**

Please note that the office holder's disbursements are charged out at the following rates:

**Category 1** - represent recovery of necessarily incurred expenses at the cost incurred.

Sundry expenses, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

There is a statutory requirement to advertise the following notices in the London Gazette: first meeting of creditors, resolutions for winding-up, appointment of Liquidators, final meetings, and notices to creditors to submit claims. Statutory advertising costs are at a fixed rate of £99.80 plus VAT per advert.

Insurance and bonding are recharged at 100% of the relevant charge to the office holder.

There is a statutory requirement for the Liquidator to apply for specific bond cover based on the expected realisations in each appointment. The bond premiums may be found on our website: <http://antonybatty.com/insolvency-resources>.

Travel costs with the exception of mileage costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

Postage: Franked mail rates, or Royal Mail postage rates (as appropriate).

**Category 2**

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.



**PRACTICE FEE RECOVERY POLICY FOR ANTONY BATTY & COMPANY LLP**

**Introduction**

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

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 Practice 9 (SIP 9) "Payments to Insolvency Office Holders and their Associates from an Estate" and can be accessed at <http://www.antonybatty.com/insolvency-resources>. Alternatively, a hard copy may be requested from Antony Batty & Company LLP, 3 Field Court, Gray's Inn, London, WC1R 5EF or [office@antonybatty.com](mailto:office@antonybatty.com). Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Case Administration (including statutory reporting).
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading
- Case specific matters.

**Time cost basis**

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in six minute units with supporting narrative to explain the work undertaken.

## Charge-Out Rates

Grade of staff	Hourly Charge-Out Rate
	1 July 2023 to 30 June 2024
	£
Office Holder	580
Senior Manager	460
Manager	395
Senior Administrator 2	375
Senior Administrator 1	295
Case Administrator	210
Junior case administrator	140

These charge-out rates charged are reviewed on 1 June each year and are adjusted to take account of inflation and the firm's overheads.

Members of staff with the appropriate level of experience and authority will be used for the various aspects of work necessary in this assignment.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs on certain cases:

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference

to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets, but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Direct Costs**

Where we seek approval on a percentage and / or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Case Administration (including statutory reporting) –costs of case management system.
- Realisation of Assets costs of case management system.
- Investigations - costs of case management system.
- Creditors (claims and distributions) - costs of case management system.
- Trading - costs of case management system.

### **Mixed basis**

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

### **Members' voluntary liquidations and Voluntary Arrangements**

The legislation is different for members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) and Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Expenses**

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, Postage (Franked postage rates/Royal Mail postage rates (non-franked mail)), external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, and insolvency case management software fees charged on a per case basis.

Statutory advertising costs are at a fixed rate of £99.80 plus VAT per advert. The Marsh Limited specific bond premiums may be found on our website: <http://antonybatty.com/insolvency-resources>.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.

The practice intends to seek approval to recover the following Category 2 expenses that include an element of shared costs:

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists\*;
- Employment Claims specialists\*; and
- GDPR/Cyber Security specialists\*.

\* Note: where such professional advisors are instructed on a case, the office holder will not charge any remuneration to the case in respect of such work, other than in respect of supervising and monitoring their work.

### **Reporting and rights to challenge**

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration, and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and / or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and / or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under Rule 18.9 of the Insolvency (England and Wales) Rules 2006, 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 office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under Rule 18.34, 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 and/or basis of the office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.