

**Private & Confidential**

10 December 2020

Our Ref 00181979-2400(25)

Please ask for: Connie Ng  
Direct Dial: 0141 249 8411

Email: connie.ng@bdo.co.uk

Dear Sir(s)

**RFC 2012 P.L.C. (formerly The Rangers Football Club P.L.C., “the Company”) - In Liquidation  
Company Number: SC004276  
In the Court of Session, reference P1134/12**

**1. Introduction**

We refer to our appointment as Joint Liquidators of the Company on 31 October 2012. This report should be read in conjunction with our previous update dated 10 December 2019 and our subsequent letters to creditors dated 13 January 2020 and 12 June 2020.

This report addresses the following aspects of the liquidation process:

- In accordance with Rules 7.4 and 7.8 of The Insolvency (Scotland) (Receivership and Winding up) Rules 2018 (“the Rules”), an update to creditors regarding progress in the liquidation to date;
- An update regarding the latest interim dividend payment to creditors; and
- Notification of the Joint Liquidators’ remuneration and outlays as approved by the Liquidation Committee (“the Committee”).

As previously advised, this is a complex liquidation containing a number of key areas of investigation, each of which may have a significant impact on the ultimate outcome for creditors. However, due to the highly sensitive nature of certain aspects of these investigations, we consider that it is not appropriate to provide full details in respect of our investigations to date in this circular. In particular, we are not in a position to comment in detail upon the events leading up to the administration and the conduct of the former Joint Administrators (although you will note that this report does contain certain updates in this regard).

As creditors may recall, the Committee was formed at the first statutory meeting of creditors held on 4 December 2012. The five members of the Committee represent the interests of the general body of creditors, and each has signed a confidentiality undertaking given the sensitive nature of the information to which they have access. Since its formation, twenty formal Committee meetings have been held, along with other ad hoc discussions in relation to specific matters as they have arisen, in which the Joint Liquidators’ investigations and the liquidation strategy have been discussed in detail. The Joint Liquidators will continue to liaise closely with the Committee as their investigations progress.

## 2. Receipts and Payments

We attach a summary of our receipts and payments for the twelve month period to 30 October 2020, together with a cumulative summary for the duration of the liquidation. We are unable to provide statement of affairs comparatives as, despite repeated requests, no statement of affairs has been submitted by the directors. We have included as comparatives the estimated assets and liabilities as provided by the former Joint Administrators.

The receipts and payments are in the main self-explanatory but we would like to comment on the following items:

### Joint Liquidators' Remuneration and Outlays - Approved & Drawn (figures shown net of VAT).

As identified in our last report dated 10 December 2019, no further fees had been drawn since the prior report to 30 April 2019.

The Joint Liquidators sought approval of the following fees from the Committee:

As notified to creditors in our letter of 13 January 2020, fees of £282,212.31 and outlays of £5,399.73 for the period 14 July 2018 to 1 November 2019 were approved by the Committee. Following the expiry of the 14 day appeal period, of these, fees of £280,783.72 and outlays of £5,399.73 have been drawn in the period. The balance will be drawn in due course.

As notified to creditors in our letter of 12 June 2020, fees of £287,038.40 and outlays of £1,035.70 for the period 2 November 2019 to 15 May 2020 were approved by the Committee. Following the expiry of the 14 day appeal period, of these, fees of £282,700.31 and outlays of £1,035.70 have been drawn in the period. The balance will be drawn in due course.

To date the the remuneration drawn in the liquidation to the end of the period totals £5,292,512.46, together with outlays of £70,392.57. This excludes the Joint Liquidators' pre-appointment remuneration and outlays totalling £191,364.84.

### Legal fees - liquidation

To date, the following legal fees, which have been approved by the Committee, have been paid as an expense of the liquidation:

| Firm                        | Fees         | Outlays    |
|-----------------------------|--------------|------------|
| Brodies                     | 1,521,005.42 | 664,323.38 |
| Stephenson Harwood          | 7,711,646.12 | 697,928.46 |
| Clyde & Co                  | 49,500.00    | -          |
| Taylor Wessing              | -            | 11,722.00  |
| Michelmores LLP             | 10,000.00    | -          |
| Bramley Corporation Limited | 11,700.00    | 296.45     |
| Addleshaw Goddard LLP       | -            | 2,400.00   |
| William Wood QC             | 11,400.00    | -          |
| Shepherd & Wedderburn LLP   | 618,013.54   | 196,356.21 |
| Levy & McRae                | 84,051.34    | 14,919.04  |

As previously advised, of the legal fees paid to Stephenson Harwood ("SH"), c£5.4 million relates to the Collyer Bristow litigation.

## 3. The Former Joint Administrators

As detailed in our previous reports, the Joint Liquidators had remained in correspondence with the former Joint Administrators. The Joint Liquidators had sought detailed explanations regarding certain aspects of the strategy implemented by the Joint Administrators during the Administration. A substantive response to our requests was not received and we continued to liaise closely with the Committee in considering the further actions in relation to these investigations.

This matter has now been progressed and formal legal action has commenced. The former Joint Administrators have defended the action to date and should matters progress to an evidential hearing in the Court of Session this will commence on 4 May 2021.

We are pleased to advise that with Committee approval, an ATE insurance policy has been obtained. This provides cover for our legal costs and disbursements and any adverse costs award made should the action be unsuccessful.

Given the highly sensitive nature of the proceedings at this stage, we are unable to provide any more detail in respect of the claim.

#### **4. EBT/HMRC**

We provided a detailed update in respect of the HMRC claim in our previous report to creditors.

The current position in respect of the elements of the HMRC claim is as follows:

|                              | <b>£'000</b>  |
|------------------------------|---------------|
| EBT claim - held             | 48,881        |
| Small tax claim - admitted   | 3,079         |
| Small tax claim - held       | 1,000         |
| Craig Whyte era - admitted   | 10,273        |
| Inheritance Tax claim - held | 1,281         |
|                              | <u>64,514</u> |

We are pleased to advise, we have held a number of positive discussions with HMRC in the last few months. Both parties have agreed the next steps in seeking to resolve the remaining elements of the claim.

#### **5. Dividend Prospects**

In December 2019, the Committee approved the Scheme of Division for the second distribution of 3p in the £.

The distribution to all admitted creditors was made on 10 March 2020. However with the impact of COVID-19, many cheques were returned undelivered due to premises being closed or creditors being unable to bank their cheques. In addition a large number of cheques were simply not presented.

Where creditors have been in touch, we have been able to reissue payments. To date we have recorded £49,301.77 of payments not banked from the latest distribution (and £31,482.59 from the first distribution). For those agreed creditors who have not received the dividends declared and paid to date, we will reissue payments upon receipt of further details. Any unclaimed dividends at the end of the Liquidation will be consigned to the Accountant of Court.

Future dividends will be dependent on the finalisation of the HMRC claim and the claim against the former Joint Administrators.

#### **6. Joint Liquidators' Remuneration and Outlays**

Further fee approvals since the last report are detailed in section 2. All fees are approved by the Creditors' Committee in this liquidation.

The basis of remuneration in this case is a time cost basis. We enclose a SIP9 summary of our time costs since the last approval for the period 16 May 2020 to the period end date. Also enclosed is a summary of all time costs incurred in the liquidation from the date of appointment to 30 October 2020.

We will issue the Committee with a further fee resolution in respect of the period from 16 May 2020. This will be communicated to creditors in due course to enable creditors to appeal against the determination under Rule 7.12 of the Rules.

## 7. Conclusions

We have attended to all statutory requirements throughout the course of the liquidation to date.

Due to the significant issues to be resolved in the liquidation, the Joint Liquidators do not expect to be in a position to bring this case to a conclusion for some considerable time. Further reports will be circulated to creditors within six weeks of each twelve month anniversary of the date of liquidation.

## 8. Insolvency Ethics & Complaints

As Insolvency Practitioners, we are bound by the Insolvency Code of Ethics, of which the fundamental principles are:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

A full copy of the code is available at: <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>.

The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us and are unsatisfied with our response, you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you find further information on how you may pursue your complaint.

Should you have any queries in respect of this report please contact Connie Ng on 0141 249 8411.

Yours faithfully  
For and on behalf of  
RFC 2012 P.L.C. (formerly The Rangers Football Club P.L.C.)



**James B Stephen**  
Joint Liquidator



**Malcolm Cohen**  
Joint Liquidator

James Bernard Stephen and Malcolm Cohen are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England & Wales. Office holder numbers 9273 and 6825 respectively.

The Joint Liquidators are Data Controllers as defined by the General Data Protection Regulations. Personal data will be kept secure and processed only for matters relating to the liquidation. Please see the privacy statement at <https://www.bdo.co.uk/en-gb/legal-privacy/privacy-notice>

This report has been prepared by the Joint Liquidators solely to comply with their statutory duty under the Insolvency Act and Rules to provide members and creditors with an update of the liquidation. This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to any debt or financial interest in the Company. Any person that chooses to rely on this report for any other purpose or in any other context other than under the Insolvency Act and Rules does so at their own risk. Any estimated outcome for creditors included in this report is illustrative and cannot be relied upon as guidance as to the actual outcome for individual creditors.

## Appendix 1 - Joint Liquidators' Receipts &amp; Payments

 RFC 2012 P.L.C. (formerly The Rangers Football Club P.L.C.)  
 (In Liquidation)

 Summary of the Joint Liquidators' Receipts and Payments for the period from 31 October 2012 to  
 30 October 2020

| Statement<br>of Affairs<br>£ | From 31/10/2019<br>To 30/10/2020<br>£ | From 31/10/2012<br>To 30/10/2020<br>£ |
|------------------------------|---------------------------------------|---------------------------------------|
| <b>ASSET REALISATIONS</b>    |                                       |                                       |
|                              | NIL                                   | 70,000.00                             |
| 1,871,000.00                 | NIL                                   | 2,355,961.58                          |
| Uncertain                    | NIL                                   | 2,521,150.32                          |
| Uncertain                    | NIL                                   | NIL                                   |
| Uncertain                    | NIL                                   | 24,000,000.00                         |
|                              | NIL                                   | 90,742.38                             |
|                              | NIL                                   | 550,000.00                            |
| Uncertain                    | NIL                                   | NIL                                   |
|                              | 47,912.08                             | 275,599.44                            |
|                              | NIL                                   | 6,533.53                              |
|                              | NIL                                   | 3,713.27                              |
|                              | 47,912.08                             | 29,873,700.52                         |
| <b>COST OF REALISATIONS</b>  |                                       |                                       |
|                              | NIL                                   | 555.00                                |
|                              | NIL                                   | 86,469.06                             |
|                              | 563,484.03                            | 5,292,512.46                          |
|                              | 6,435.43                              | 70,392.57                             |
|                              | NIL                                   | 191,364.84                            |
|                              | 3,050.00                              | 36,204.11                             |
|                              | NIL                                   | 9,577.00                              |
|                              | NIL                                   | 190,432.53                            |
|                              | NIL                                   | 572,400.00                            |
|                              | 520,021.52                            | 4,636,066.42                          |
|                              | 173,425.21                            | 1,231,789.35                          |
|                              | NIL                                   | 1,809.80                              |
|                              | NIL                                   | 130,000.00                            |
|                              | (19,257.72)                           | 170,000.00                            |
|                              | NIL                                   | 47,885.00                             |
|                              | NIL                                   | 257,799.88                            |
|                              | 3,174.20                              | 3,174.20                              |
|                              | NIL                                   | 3,629.68                              |
|                              | 66.67                                 | 3,986.66                              |
|                              | 184.00                                | 1,749.24                              |
|                              | 3,000.00                              | 287,327.78                            |
|                              | NIL                                   | 439.68                                |
|                              | NIL                                   | 5,381,250.00                          |
|                              | NIL                                   | 356,156.19                            |
|                              | NIL                                   | 25,000.00                             |
|                              | NIL                                   | 240,000.00                            |
|                              | 84.74                                 | 859.77                                |
|                              | NIL                                   | 1,123.54                              |
|                              | (1,253,668.08)                        | (19,229,954.76)                       |

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 (In Liquidation)

 Summary of the Joint Liquidators' Receipts and Payments for the period from 31 October 2012 to  
 30 October 2020

| Statement<br>of Affairs<br>£              | From 31/10/2019<br>To 30/10/2020<br>£ | From 31/10/2012<br>To 30/10/2020<br>£ |
|---|---------------------------------------|---------------------------------------|
| <b>PREFERENTIAL CREDITORS</b>             |                                       |                                       |
|   | NIL                                   | 2,121.42                              |
| (1,000.00) Preferential N.I.C. & Tax      | NIL                                   | 742.32                                |
| (7,000.00) RPO                            | NIL                                   | 6,401.73                              |
| (7,000.00) Employees' Preferential Claims | NIL                                   | (9,265.47)                            |
|   | NIL                                   | (9,265.47)                            |
| <b>UNSECURED CREDITORS</b>                |                                       |                                       |
| (7,033,666.84) Trade & Expense Creditors  | 164,700.70                            | 379,351.10                            |
| (7,736,000.00) Debenture Holders          | 46,942.39                             | 108,134.46                            |
| Uncertain Unsecured E.P.A.                | 691.57                                | 1,592.91                              |
| (20,030,000.00) Directors                 | NIL                                   | NIL                                   |
| (27,211,671.63) Ticketus                  | 330,000.00                            | 760,100.00                            |
| (3,344,432.04) Football Creditors         | 11,436.31                             | 26,341.63                             |
| (94,426,217.22) HMRC                      | 1,731,399.57                          | 4,452,607.74                          |
| NIL Wavetower/The Rangers FC Group Ltd    | NIL                                   | 962,500.00                            |
|   | 2,285,170.54                          | (6,690,627.84)                        |
|   | 2,285,170.54                          | (6,690,627.84)                        |
| <b>DISTRIBUTIONS</b>                      |                                       |                                       |
| (10,879,400.00) Ordinary Shareholders     | NIL                                   | NIL                                   |
|   | NIL                                   | NIL                                   |
| <b>(168,798,387.73)</b>                   | <b>1,079,414.54</b>                   | <b>3,943,852.45</b>                   |
| <b>REPRESENTED BY</b>                     |                                       |                                       |
|   |                                       | 118,851.66                            |
| VAT Input                                 |                                       | NIL                                   |
| VAT Output                                |                                       | 550,625.36                            |
| VAT Control Account                       |                                       | 2,238,352.01                          |
| The Royal Bank of Scotland                |                                       | 2,105,311.01                          |
| Bank of Scotland - 32 Day Notice          |                                       | 2,679,920.78                          |
| Santander Client Account                  |                                       | (80,784.36)                           |
| Funds to be consigned                     |                                       | (3,668,424.01)                        |
| Funds set aside in respect of held claims |                                       | (3,668,424.01)                        |
|   |                                       | <b>3,943,852.45</b>                   |

\* The Company is VAT registered. Receipts and payments are shown net of VAT

RFC 2012 PLC (FORMERLY THE RANGERS FOOTBALL CLUB PLC) - IN LIQUIDATION

Summary of Time Charged and Rates Applicable for the Period 31 October 2012 (date of appointment) to 30 October 2020

| DESCRIPTION                            | PARTNER  |              | MANAGER - DIRECTOR |              | ASSISTANT MANAGER |            | SENIOR EXECUTIVE |            | EXECUTIVE |           | OTHER STAFF |           | GRAND TOTAL |              | AVERAGE RATE |
|--|----------|--------------|--------------------|--------------|-------------------|------------|------------------|------------|-----------|-----------|-------------|-----------|-------------|--------------|--------------|
|  | Hours    | Total £      | Hours              | Total £      | Hours             | Total £    | Hours            | Total £    | Hours     | Total £   | Hours       | Total £   | Hours       | Total £      | £            |
| Steps On Appointment                   | 90.70    | 33,388.60    | 15.00              | 6,216.00     | -                 | -          | 30.00            | 6,798.00   | -         | -         | -           | -         | 135.70      | 46,402.60    | 341.95       |
| Planning & Strategy                    | 106.25   | 62,041.88    | 73.70              | 26,158.20    | 45.00             | 8,590.90   | 35.00            | 7,887.00   | -         | -         | -           | -         | 259.95      | 104,677.98   | 402.69       |
| Dealing with Solicitors & Legal Claims | 2,488.73 | 1,366,906.00 | 849.25             | 356,691.35   | 202.10            | 52,791.70  | 291.50           | 71,417.50  | -         | -         | 0.15        | 16.50     | 3,831.73    | 1,847,823.05 | 482.24       |
| Forensic IT and Accounting             | 156.40   | 100,926.90   | 901.64             | 414,275.90   | 591.06            | 227,198.19 | 585.70           | 199,587.25 | 100.63    | 15,789.16 | -           | -         | 2,335.43    | 957,777.40   | 410.11       |
| Tax                                    | 180.67   | 121,241.70   | 242.53             | 139,236.14   | 183.95            | 68,661.30  | 90.44            | 29,625.53  | 84.45     | 15,008.86 | 2.94        | 226.26    | 784.98      | 373,999.79   | 476.44       |
| General Administration & Other Matters | 532.85   | 252,727.28   | 349.13             | 128,560.40   | 179.20            | 42,595.25  | 547.65           | 107,471.05 | 177.10    | 24,650.90 | 268.75      | 24,987.55 | 2,054.68    | 580,992.43   | 282.77       |
| Investigations                         | 245.45   | 124,429.30   | 33.90              | 14,790.10    | 33.75             | 8,926.25   | -                | -          | 2.50      | 447.50    | 9.10        | 1,044.05  | 324.70      | 149,637.20   | 460.85       |
| Assets Realisation/Dealing             | 363.60   | 157,253.75   | 112.20             | 36,497.00    | 7.50              | 1,531.00   | 99.25            | 24,316.25  | 8.00      | 1,179.50  | 19.55       | 1,809.80  | 610.10      | 222,587.30   | 364.84       |
| Employee Matters                       | 11.00    | 4,628.00     | 19.55              | 4,456.45     | 38.50             | 6,905.00   | 3.53             | 864.50     | 7.55      | 1,180.10  | 0.20        | 20.80     | 80.33       | 18,054.85    | 224.76       |
| Creditor Claims                        | 520.10   | 240,303.65   | 327.50             | 87,191.90    | 656.50            | 125,021.80 | 103.40           | 19,632.20  | 45.85     | 6,065.15  | 73.85       | 4,212.15  | 1,727.20    | 482,426.85   | 279.31       |
| Reporting                              | 617.60   | 337,820.80   | 498.55             | 195,929.40   | 245.85            | 56,296.75  | 175.50           | 41,836.50  | 30.25     | 3,935.50  | 19.35       | 1,673.10  | 1,587.10    | 637,492.05   | 401.67       |
| Distribution & Closure                 | 6.00     | 3,161.00     | 177.50             | 41,363.80    | 79.95             | 15,764.25  | -                | -          | 15.75     | 1,734.25  | 28.50       | 2,367.35  | 307.70      | 64,390.65    | 209.26       |
|  | 5,319.36 | 2,804,828.85 | 3,600.45           | 1,451,366.63 | 2,263.36          | 614,282.39 | 1,961.97         | 509,435.78 | 472.08    | 69,990.92 | 422.39      | 36,357.56 | 14,039.61   | 5,486,262.13 | 390.77       |
|  |          |              |                    |              |                   |            |                  |            |           |           |             |           |             | 71,070.15    |              |
|  |          |              |                    |              |                   |            |                  |            |           |           |             |           |             | 5,557,332.28 |              |

Summary of Time Charged and Rates Applicable for the Period 16 May 2020 to 30 October 2020

| DESCRIPTION                            | PARTNER |            | MANAGER - DIRECTOR |           | ASSISTANT MANAGER |          | SENIOR EXECUTIVE |         | EXECUTIVE |         | OTHER STAFF |          | GRAND TOTAL |            | AVERAGE RATE |
|--|---------|------------|--------------------|-----------|-------------------|----------|------------------|---------|-----------|---------|-------------|----------|-------------|------------|--------------|
|  | Hours   | Total £    | Hours              | Total £   | Hours             | Total £  | Hours            | Total £ | Hours     | Total £ | Hours       | Total £  | Hours       | Total £    | £            |
| Planning & Strategy                    | -       | -          | 0.20               | 100.40    | -                 | -        | -                | -       | -         | -       | -           | -        | 0.20        | 100.40     | 502.00       |
| Dealing with Solicitors & Legal Claims | 174.75  | 96,020.50  | 12.95              | 3,107.65  | -                 | -        | -                | -       | -         | -       | -           | -        | 187.70      | 99,128.15  | 528.12       |
| Tax                                    | 21.30   | 15,877.90  | 27.60              | 19,253.90 | 9.85              | 4,127.15 | 2.00             | 592.00  | 2.25      | 384.75  | -           | -        | 63.00       | 40,235.70  | 638.66       |
| General Administration & Other Matters | 6.45    | 3,283.95   | 25.95              | 6,943.35  | -                 | -        | -                | -       | 1.05      | 262.50  | 39.00       | 2,701.20 | 72.45       | 13,191.00  | 182.07       |
| Employee Matters                       | -       | -          | 0.50               | 112.50    | -                 | -        | -                | -       | -         | -       | -           | -        | 0.50        | 112.50     | 225.00       |
| Creditor Claims                        | 1.00    | 783.00     | 6.50               | 1,462.50  | -                 | -        | -                | -       | -         | -       | -           | -        | 7.50        | 2,245.50   | 299.40       |
| Reporting                              | 30.20   | 18,112.10  | 25.05              | 9,569.65  | -                 | -        | -                | -       | -         | -       | -           | -        | 55.25       | 27,681.75  | 501.03       |
| Distribution & Closure                 | -       | -          | 23.50              | 5,287.50  | -                 | -        | -                | -       | -         | -       | -           | -        | 23.50       | 5,287.50   | 225.00       |
|  | 233.70  | 134,077.45 | 122.25             | 45,837.45 | 9.85              | 4,127.15 | 2.00             | 592.00  | 3.30      | 647.25  | 39.00       | 2,701.20 | 410.10      | 187,982.50 | 458.38       |
|  |         |            |                    |           |                   |          |                  |         |           |         |             |          |             | -          |              |
|  |         |            |                    |           |                   |          |                  |         |           |         |             |          |             | 187,982.50 |              |

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A creditor's guide to office holder remuneration can be accessed via:

<https://www.icas.com/technical-resources-/creditor-guides-to-office-holder-remuneration>



**BDO LLP REMUNERATION AND DISBURSEMENTS POLICY**

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the liquidation.

The current charge out rates per hour of staff within my firm who may be involved in working on the liquidation follows. This in no way implies that staff at all such grades will work on the case.

**Charge Out Rates**

| STAFF GRADE               | Up to 30 June 2019 |               | From 1 July 2019 |               |
|---------------------------|--------------------|---------------|------------------|---------------|
|                           | <u>Glasgow</u>     | <u>London</u> | <u>Glasgow</u>   | <u>London</u> |
|                           | £                  | £             | £                | £             |
| Partner                   | 494                | 760           | 509              | 783           |
| Principal                 | -                  | 586           | -                | 604           |
| Director / Senior Manager | 292-342            | 422-526       | 301-352          | 391-542       |
| Manager                   | 218-247            | 336-379       | 225-254          | 294-346       |
| Assistant Manager         | 197                | 302           | 203              | 311           |
| Senior Administrator      | 148-185            | 228-283       | 152-191          | 228-283       |
| Administrator             | 70-135             | 130-229       | 71-139           | 134-236       |
| Support staff/Secretary   | 70                 | 105           | 71               | 108           |

The rates charged by BDO LLP are reviewed each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the 6 categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis, a periodic report will be provided to any committee appointed by the creditors, or in the absence of a committee, to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into 2 categories:

**Category 1 Disbursements**

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, travel (by public transport), couriers, searches at company house, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

**Category 2 Disbursements**

We propose to recover from the liquidation the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Rules to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.