

**Private & Confidential**

10 December 2019

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 June 2019.

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 payment of a further interim dividend 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, nineteen formal Committee meetings have been held 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 2019, 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).

The Committee had previously approved the Joint Liquidators' remuneration and outlays up to 13 July 2018. There have been no other fees drawn or further approvals since our last report.

To date the remuneration drawn in the liquidation to the end of the period totals £4,729,028.43, together with outlays of £63,957.14. 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	1,411,047.78	611,166.08
Stephenson Harwood	7,619,659.12	694,463.46
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	299,936.66	79,553.30
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. As has subsequently been widely reported, the Committee agreed that the Joint Liquidators should commence legal action against the former Joint Administrators on 9 February 2017.

The litigation is ongoing and the Joint Liquidators are not in a position to comment further at this stage.

#### 4. EBT

As previously reported to creditors, HMRC's initial claim in the liquidation was c£94m, of which c£73m related to the EBT scheme and is commonly known as the "Big Tax Case". The outcome of the Big Tax Case therefore had a material impact on the dividend payable to unsecured creditors.

Creditors will be aware that the First Tier Tribunal ("FTT") found in the Company's favour, which HMRC subsequently appealed. This was heard by the Upper Tier Tribunal ("UTT") in February 2014, which again found in the Company's favour save for a small number of discrete issues which were referred back to the FTT for consideration on the basis that the UTT did not consider that the original FTT decision had properly addressed those matters.

HMRC were given leave to appeal to the Inner House of the Court of Session in Scotland in respect of the UTT decision and this matter was heard over a four day period commencing on 7 July 2015. On 4 November 2015, the Inner House decision was published and found in favour of HMRC.

Following consultation with their legal advisors and the Committee, the Joint Liquidators on behalf of the Company sought leave to appeal the Court of Session's decision. The application was lodged on 27 November 2015 and leave to appeal was granted at a hearing on 8 March 2016. The Notice of Appeal to the Supreme Court was filed in April 2016.

The appeal was heard at the Supreme Court on 15 and 16 March 2017. Following two days of argument, on 5 July 2017 the Supreme Court ruled in favour of HMRC and the Company's appeal was dismissed.

A significant proportion of the Big Tax Claim of c£73m related to interest and penalties (c£36m). The penalty element of the claim was c£24m, and was levied at 65% of the liability. We did not agree with the basis on which the penalty had been determined by HMRC and, following discussions with HMRC, we submitted an appeal to the HMRC Penalty Review Consistency Panel ("the Panel"). This set out the reasons why we considered the penalty to be incorrectly levied. We are pleased to advise that the Panel accepted our submissions and the penalty element of HMRC's claim has now been withdrawn in full.

Following a further review of the remaining parts of HMRC's claim, the element that related to arrears of VAT, PAYE and national insurance in the period prior to the commencement of the administration was reduced by c£5.2m.

Accordingly, 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
Other pre-appointment VAT, PAYE and NI - admitted	13,352
Inheritance Tax claim - held	1,281
Total	<u>67,593</u>

The EBT claim of c£48.9m is presently held, as there is still a dispute with HMRC regarding the basis on which the claim has been calculated. The Joint Liquidators and their tax specialists remain in a dialogue with HMRC with a view to seeking to resolve the remaining issues.

#### 5. Wavetower/The Rangers FC Group Limited

Creditors were advised in June 2016 that the Joint Liquidators were in a position to pay a first dividend to creditors and that the Committee had previously approved the Joint Liquidators' proposed Scheme of Division.

As previously reported this was delayed by the submission of a claim by The Rangers FC Group Limited (previously known as Wavetower Limited (“Wavetower”)), a company which is 100% owned by Worthington Group, and of which Craig Whyte was formerly a director. In this claim, in the initial sum of £18.3m, Wavetower asserted that it had a floating charge over the Company’s assets. If valid, this secured claim would have ranked ahead of unsecured creditors.

With the Committee’s approval, the Joint Liquidators sought directions from the Court on the rejection procedure for the Wavetower claim, with a view to bringing the matter to a conclusion. A note in this regard was lodged and served on Wavetower, who had until 7 April 2017 to lodge answers.

Wavetower did not lodge answers and a hearing was therefore scheduled for late May 2017 at which the Joint Liquidators intended to seek further directions. Shortly prior to the directions hearing, the Joint Liquidators received notice that Henderson & Jones Limited (“HJL”), a specialist purchaser of claims and litigation from insolvent companies, had been appointed as a director of Wavetower and was assisting with the claim.

Following the hearing on 31 May 2017, the Court agreed to make an order for directions consistent with the application made by the Joint Liquidators, and issued an interlocutor giving Wavetower 28 days to submit a claim. Wavetower subsequently submitted a revised (secured) claim for £2.8m, which was rejected by the Joint Liquidators. Wavetower appealed the rejection and the matter was set to be determined by the Court of Session.

Notwithstanding that Wavetower had submitted a claim for £2.8m, it had indicated that it would seek to increase its claim to £18m, and would consider appointing Receivers over the Company. The Joint Liquidators took steps to avoid this by obtaining an interim interdict in favour of the Company, which precluded Wavetower from making a receivership appointment.

Being mindful of the legal costs being incurred, and the impact on the liquidation estate if Wavetower was successful in appealing the rejection of its claim, the Joint Liquidators agreed to attend a mediation with representatives of Wavetower on 12 November 2018. Whilst no settlement was agreed at mediation, discussions continued and terms were ultimately agreed between the parties, whereby the Wavetower claim was to be settled by a payment to Wavetower. At a subsequent meeting with the Committee, which was attended by Leading Counsel and the Joint Liquidators’ legal team, it was agreed that the settlement should be entered into on the basis that it avoided both the cost of the legal action and the litigation risk.

Further to this meeting, a settlement agreement was drafted by the Joint Liquidators’ legal agents and, following protracted negotiations with Wavetower’s legal advisors, was ultimately agreed and signed in August 2019. In this regard, reference is made to the attached summary of our receipts and payments, and the Joint Liquidators can confirm that the settlement sum was subsequently paid by them.

The settlement has now brought this long running matter to a conclusion.

## **6. Dividend Prospects**

Creditors will note that a first interim dividend was proposed to the unsecured creditors of 3.91 pence in the £. The proposed dividend also provided for:

- (a) the Wavetower claim (as it then stood);
- (b) HMRC for the maximum amount of its claim; and
- (c) all Bondholders who had yet to submit claims in the liquidation

whilst the adjudication of these respective claims and/or any appeals against their rejection were finalised. The requisite majority of Committee members agreed the Scheme of Division and notices of adjudication were sent to creditors on 29 September 2017. The first dividend was paid to creditors with agreed claims on 8 November 2017.

Following the recent developments in respect of the claims of HMRC and Wavetower, the Joint Liquidators are now in a position to release the provisions held in respect of the elements of the claims that have now been reduced.

The Joint Liquidators were also aware that the Company had potential liabilities to Bondholders totalling £7.7m. Claims totalling £1.571m have been received from Bondholders to date, on which a first dividend has been paid.

Following discussions with our legal advisors, the Joint Liquidators now consider that they have made every effort to seek out and admit these claims, and any future claims will now be legally time barred under Scots Law. No further claims will therefore be admitted from Bondholders or any other creditor who has not previously intimated their claim.

The adjustments to the claims have resulted in the following releases to the estate (from the provisions made at the time of the first dividend):

	<b>£'000</b>
HMRC	1,122
Wavetower	1,880
Bondholders	240
<b>Total</b>	<u><u>3,242</u></u>

In summary, the Joint Liquidators have secured releases totalling c£3.242m. Based on this, it is our intention to pay a second interim dividend of 3p in the £. Of this, £1.593m will be paid from the estate to creditors with agreed claims, and £1.049m will be retained pending resolution of the remaining held claims.

Once the Committee has approved the Scheme of Division, we will proceed to pay a second dividend thereafter.

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

There have been no further approvals of the Joint Liquidators' remuneration and outlays since our last report. All fees are approved by the Creditors' Committee in this liquidation.

The basis of our 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 14 July 2018 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 2019.

We will shortly issue the Committee with a further fee resolution in respect of the period 14 July 2018 to 1 November 2019. This will be communicated to creditors in due course to provide creditors with an opportunity to consider and, if necessary, appeal against the determination under Rule 7.12 of the Rules. A notice to this effect will be published on the dedicated website to which this and all other, previous creditor reports have been uploaded.

## **8. 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.

## 9. 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 & 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 2019**

Statement of Affairs £	From 31/10/2018 To 30/10/2019 £	From 31/10/2012 To 30/04/2019 £
<b>ASSET REALISATIONS</b>		
	NIL	70,000.00
1,871,000.00	NIL	2,355,961.58
Uncertain	7,206.32	2,521,150.32
Uncertain	NIL	NIL
Uncertain	NIL	24,000,000.00
	NIL	90,742.38
	NIL	550,000.00
Uncertain	NIL	NIL
	18,110.53	227,687.36
	NIL	6,533.53
	NIL	3,713.27
	25,316.85	29,825,788.44
<b>COST OF REALISATIONS</b>		
	NIL	555.00
	NIL	86,469.06
	314,357.30	4,729,028.43
	5,277.48	63,957.14
	NIL	191,364.84
	600.00	33,154.11
	NIL	9,577.00
	NIL	190,432.53
	NIL	572,400.00
	164,532.59	4,116,044.90
	75,335.57	1,058,364.14
	NIL	1,809.80
	NIL	130,000.00
	NIL	189,257.72
	NIL	47,885.00
	NIL	257,799.88
	NIL	3,629.68
	333.33	3,919.99
	184.00	1,565.24
	NIL	284,327.78
	NIL	439.68
	NIL	5,381,250.00
	2,400.00	356,156.19
	NIL	25,000.00
	NIL	240,000.00
	74.13	775.03
	NIL	1,123.54
	(563,094.40)	(17,976,286.68)

## 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 2019

Statement of Affairs £	From 31/10/2018 To 30/10/2019 £	From 31/10/2012 To 30/04/2019 £
<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	6,401.73
	<u>NIL</u>	<u>(9,265.47)</u>
<b>UNSECURED CREDITORS</b>		
(7,033,666.84) Trade & Expense Creditors	NIL	214,650.40
(7,736,000.00) Debenture Holders	(239,935.16)	61,192.07
Uncertain Unsecured E.P.A.	NIL	901.34
(20,030,000.00) Directors	NIL	NIL
(27,211,671.63) Ticketus	NIL	430,100.00
(3,344,432.04) Football Creditors	NIL	14,905.32
(94,426,217.22) HMRC	(937,706.94)	2,721,208.17
NIL Wavetower/The Rangers FC Group Ltd	962,500.00	962,500.00
	<u>(215,142.10)</u>	<u>(4,405,457.30)</u>
<b>DISTRIBUTIONS</b>		
(10,879,400.00) Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(168,798,387.73)</u>	<u>(752,919.65)</u>	<u>7,434,778.99</u>
<b>REPRESENTED BY</b>		
VAT Input		410,466.23
The Royal Bank of Scotland		4,398,669.38
Bank of Scotland - 32 Day Notice		2,095,847.88
Santander Client Account		2,650,281.65
VAT Output		(10,079.00)
Funds to be consigned		(34,397.51)
Funds set aside in respect of held claims		(2,076,009.64)
		<u>7,434,778.99</u>

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



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Appendix 2 - SIP 9 Summary of Joint Liquidators' Time Costs

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 2019

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	104.25	60,626.50	72.60	25,606.00	45.00	8,590.90	35.00	7,887.00	-	-	-	-	256.85	102,710.40	399.88
Dealing with Solicitors & Legal Claims	2,118.33	1,159,645.05	809.15	345,422.95	202.10	52,791.70	291.50	71,417.50	-	-	0.15	16.50	3,421.23	1,629,293.70	476.23
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	131.92	84,364.55	168.78	87,205.89	116.95	40,588.30	76.44	25,481.53	39.65	8,448.06	2.94	226.26	536.68	246,314.59	458.96
General Administration & Other Matters	518.40	243,452.35	270.63	105,355.60	179.20	42,595.25	547.15	107,369.55	174.55	24,202.70	194.60	19,921.20	1,884.53	542,896.65	288.08
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	19.05	4,343.95	38.50	6,905.00	3.53	864.50	7.55	1,180.10	0.20	20.80	79.83	17,942.35	224.76
Creditor Claims	519.10	239,520.65	315.40	83,887.70	656.50	125,021.80	103.40	19,632.20	45.85	6,065.15	73.85	4,212.15	1,714.10	478,339.65	279.06
Reporting	564.00	304,635.75	431.80	171,104.85	245.85	56,296.75	175.50	41,836.50	30.25	3,935.50	19.35	1,673.10	1,466.75	579,482.45	395.08
Distribution & Closure	6.00	3,161.00	68.95	15,725.85	79.95	15,764.25	-	-	5.50	1,006.50	26.50	2,199.35	186.90	37,856.95	202.55
	4,829.16	2,516,032.40	3,219.10	1,310,431.78	2,196.36	586,209.39	1,947.47	505,190.28	414.48	62,254.17	346.24	31,123.21	12,952.81	5,011,241.23	386.88
														Disbursements	70,034.45
														TOTAL	5,081,275.68

Summary of Time Charged and Rates Applicable for the Period 14 July 2018 to 30 October 2019

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	2.00	1,543.00	7.05	2,155.60	-	-	-	-	-	-	-	-	9.05	3,698.60	432.92
Dealing with Solicitors & Legal Claims	321.08	181,494.67	13.85	4,077.15	-	-	-	-	-	-	-	-	334.93	185,571.82	535.75
General Administration & Other Matters	2.10	1,177.50	31.15	8,682.35	-	-	0.15	29.55	0.75	123.75	18.60	1,742.50	52.75	11,755.65	234.04
Assets Realisation/Dealing	4.50	2,367.25	2.45	1,016.90	-	-	-	-	-	-	-	-	6.95	3,384.15	218.00
Creditor Claims	5.00	2,470.00	49.10	10,774.20	-	-	-	-	6.15	424.35	1.85	127.65	62.10	13,796.20	267.11
Reporting	39.50	24,177.00	59.40	19,254.30	-	-	-	-	-	-	1.00	69.00	99.90	43,500.30	440.49
Distribution & Closure	5.00	2,470.00	50.00	10,992.75	-	-	-	-	-	-	-	-	55.00	13,462.75	276.36
	384.07	219,337.38	218.13	59,202.45	3.07	991.42	0.15	29.55	6.90	548.10	23.89	2,103.41	636.20	282,212.31	466.58
														Disbursements	5,399.73
														TOTAL	287,612.04

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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 1 July 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.