

TO ALL MEMBERS AND ALL CREDITORS

20 December 2019

Ref: RHK/CGJK/CR/AS
Direct line: +44 113 298 2522
Email: lotusconstruction@uk.ey.com

Dear Sirs

Lotus Construction Limited (in Creditors Voluntary Liquidation) (‘the Company’)

On 6 November 2012, R H Kelly and I were appointed as Joint Liquidators of the Company. I now write to provide you with our report on the progress of the liquidation for the period from 6 November 2018 to 5 November 2019. This report should be read in conjunction with the Joint Liquidator’s previous reports and all previous reports in the preceding Administration.

At Appendix A of this report we provide information about the Company and the Liquidators. A copy of our receipts and payments account for the period from 6 November 2018 to 5 November 2019 is at Appendix B.

Progress of the Liquidation to 5 November 2019

Since our last report we have continued to progress the adjudication of non-preferential, unsecured creditor claims against the Company. Notice of Intended Dividends were issued to all known creditors on 18 December 2019 and a final date for proving of 17 January 2020 has been set.

Consequently we will now be in a position to pay a first and final dividend to non-preferential, unsecured creditors before 17 March 2020. The exact timing of any dividend payment will depend on the extent of any further claims received in the period to 17 January 2020. We hope to be in a position to pay a dividend well in advance of the deadline of 17 March 2020. Our estimate of the dividend value remains at 2-3 pence in the pound, but this is still subject to the final quantum of creditor claims admitted to rank for dividend purposes.

Preparations have also continued to close the liquidation, which we intend to conclude no later than July 2020.

Joint Liquidators’ remuneration

At a meeting of the Creditors on 20 December 2012, the creditors passed a resolution allowing the Joint Liquidators to draw fees based upon time properly spent by them and their staff in attending to matters arising in the Liquidation.

During the period covered by this report we have incurred time costs of £91,119, total time costs to 5 November 2019 total £322,313. An analysis and narrative explanation of the time spent can be found at Appendix C to this report. To date, the Joint Liquidators have drawn fees of £50,000. No fees have been drawn in the period covered by this report.

Joint Liquidators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £2,388 plus VAT which have been paid as an expense of the liquidation. The expenses can be summarised as follows:

Type of expense	Incurred (as at date of previous report) (£)	Incurred in this report period (£)	Outstanding (£)	Total (£)
Public notices	237.60	-	-	237.60
Storage charges	7,542.04	(25.00)	-	7,517.04
Corporation tax	800.09	83.89	-	883.98
Bank charges	30.00	-	-	30.00
Agents fees	2,872.32	2,328.76	-	5,201.08
Total	11,482.05	2,387.65	-	13,869.70

During the liquidation, we have incurred the following disbursements totalling £3,489.91 plus VAT, none of which were incurred during the period covered by this report or have been drawn to date.

Type of disbursement	Category 1 disbursements (£)	Category 2 disbursements (£)	Total (£)
Printing	282.73	1,236.40	1,519.13
Postage	1,970.78	-	1,970.78
Total	2,253.51	1,236.40	3,489.91

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the Creditors as if they were remuneration. We do not intend to draw any Category 2 disbursements incurred.

The only further expenses and disbursements expected to be incurred relate to corporation tax, storage charges, bank charges, public notices and postage and printing costs which we intend to finalise (where possible) in advance of the distribution to non-preferential, unsecured creditors in March 2020. Such costs will be reported in the Notice of Dividend issued on the same date.

Creditors' rights to further information about, and challenge, remuneration and expenses

The statutory provisions relating to remuneration are set out in Chapter 4 of Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Liquidators' Fees', a copy of which may be accessed as from the web site of the Institute of Chartered Accountants of England and Wales at <https://www.icaew.com/technical/insolvency/understanding-business-restructuring-and-insolvency/creditors-guides>. To access the document, select 'Previous guides: England and Wales – effective before 6 April 2017', then 'Liquidators' fees', then select the appropriate guide according to the date of winding up of the company. Alternatively, a copy of the guide is available in hard copy upon written request to the Joint Liquidators.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the



Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Liquidators' Fees' referred to above.

Should you have any queries with the contents of this report or with regards to the upcoming first and final distribution to non-preferential creditors, please contact my colleague Alex Nicholls on +44 113 298 2522.

Yours faithfully
for the Company

A handwritten signature in black ink, appearing to read 'C. King', with a horizontal line underneath.

C G J King
Joint Liquidator

Robert Hunter Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland and Charles Graham John King is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

The Joint Liquidators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.



Appendix A

Lotus Construction Limited (in Creditors' Voluntary Liquidation) (‘the Company’)

Information about the Company and the Liquidators

Registered office address of the company:	c/o Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Registered number:	02800054
Date of appointment of the Joint Liquidators:	6 November 2012
Details of any changes of liquidator:	None
Full names of the Liquidators:	Robert Hunter Kelly and Charles Graham John King
Office holder number(s):	8582 and 8985
Liquidators' address(es):	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Telephone number:	+44 113 298 2522
Name of alternative person to contact with enquiries about the case:	Alex Nicholls

Appendix B

Lotus Construction Limited (in Creditors' Voluntary Liquidation) (‘the Company’)

Joint Liquidators' receipts and payments account for the period from 6 November 2018 to 5 November 2019

	To 5 November 2018 £	In this Report Period £	Total £
Receipts			
Joint Administrators' surplus	178,524	-	178,524
Interest received	4,186	725	4,910
Other income	13	-	13
	<u>182,723</u>	<u>725</u>	<u>183,448</u>
Payments			
Public notices	(238)	-	(238)
Storage charges	(7,542)	25	(7,517)
Corporation tax	(800)	(84)	(884)
Liquidators Fees	(50,000)	-	(50,000)
Bank charges	(30)	-	(30)
Agents fees	(2,872)	(2,329)	(5,201)
	<u>(61,482)</u>	<u>(2,388)</u>	<u>(63,870)</u>
Net Realisations	<u>121,241</u>	<u>(1,663)</u>	<u>119,578</u>
Funds Held:			
Cash at Bank			118,283
VAT Control			1,295
			<u>119,578</u>

Notes

1. Receipts and payments are stated net of VAT.
2. Funds are now held in a non-interest bearing bank account in preparation to obtain tax clearance to close the liquidation.

Appendix C

Lotus Construction Limited (In Creditors' Voluntary Liquidation)

Joint liquidators' time costs for the period 6 November 2018 to 5 November 2019.

Hours	Partner	Executive Director/Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours for the period	Total time cost for the period (£)	Average hourly rate for the period (£)	Cumulative time cost to date (£)
Accounting and Administration	-	-	-	-	3.0	0.4	3.4	1,143	336	22,143
Bank & Statutory Reporting	-	0.5	-	-	5.0	-	5.5	2,008	365	15,743
Creditors (Mandatory)	-	6.5	52.0	-	78.5	94.5	231.5	81,910	354	262,426
Employee Matters	-	-	-	-	-	-	-	-	-	1,243
Investigation/CDDA	-	-	-	-	-	-	-	-	-	1,300
Other Matters	-	-	-	-	-	-	-	-	-	70
Statutory Duties	-	-	-	-	8.5	-	8.5	2,793	329	5,840
VAT & Taxation	0.3	-	0.5	-	2.0	6.5	9.3	3,266	351	13,550
Total hours for the period	0.3	7.0	52.5	-	97.0	101.4	258.2			
Total time cost for the period (£)	495	5,425	30,565	-	34,151	20,483		91,119		
Average hourly rate for the period (£)	1,650	775	582	-	352	202			353	
Cumulative time cost to date (£)	495	24,518	138,011	16,416	83,669	59,206				322,313

Note: time is charged in six minute intervals

Narrative explanation of work done and why it was necessary to be done

Category of work	Description of work
Accounting & Administration	<ul style="list-style-type: none"> ▶ Overall management of the cases, treasury and accounting functions, statutory compliance diaries and time cost reporting.
Bank and Statutory Reporting	<ul style="list-style-type: none"> ▶ Preparing annual progress reports, sending to creditors and filing at Companies House.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors of the Company. Calculating the Company's net property and Prescribed Part to be set aside and any final surplus, as appropriate. ▶ Agreeing and adjudicating upon the claims of unsecured creditors.
Employee Matters	<ul style="list-style-type: none"> ▶ Calculating and agreeing employees' unsecured creditor claims. ▶ Calculating and paying dividends on claims and accounting for tax and National Insurance where appropriate on dividend payments. ▶ Reviewing and agreeing claims submitted by the RPS and paying dividends as appropriate.
Investigations/CDDA	<ul style="list-style-type: none"> ▶ Investigations into the Company's affairs in accordance with Statement of Insolvency Practice Number 2, Investigations by Office Holders, and the Company Directors Disqualification Act 1986.

Other matters	▶ Dealing with ad-hoc queries from the various stakeholders of the Company.
Statutory Duties	▶ Completion of statutory requirements of the Liquidation, including notifications to creditors and members, advertising the appointment, holding annual meetings of the creditors and the Company and preparations for the closure of the Liquidation.
VAT & Taxation	▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists in respect of periods covered by the Liquidation and preceding Administration. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Liquidation and preceding Administration. ▶ Deregistering for VAT and submitting claims for VAT refunds post de-registration.
