

TO ALL MEMBERS AND CREDITORS

2 January 2018

Ref: RHK/CGJK/CR/AS

Direct line: 0161 234 0507

Email: AScuffham@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 2017 to 5 November 2018. This report should be read in conjunction with the Joint Liquidators’ previous reports and all previous reports in the preceding Administration.

In accordance with Section 105 of the Insolvency Act 1986 we are required to provide certain information about the Company and the Liquidators, this information can be found in Appendix A of this report. A copy of our receipts and payments account for the period from 6 November 2017 to 5 November 2018 is at Appendix B.

Progress of the Liquidation to 5 November 2018

Unsecured Creditor Claims

Since our last progress report, we have made significant progress with the adjudication of non-preferential, unsecured creditor claims against the Company and have now completed our required assessment of c. 90% of claims.

As previously reported, due to the quantum of claims received to date and the complexity of such claims requiring assessment, this process has taken longer than anticipated and required us to seek assistance from specialists to assess the validity of some of the larger, more complex claims. However, all work is now reaching a conclusion as we progress towards the finalisation and closure of this case.

Over the past six months we have been in communication with a large number of creditors in order to confirm their position in the Liquidation and we have been able to reach agreement on some of the larger claims received.

Our work and that of the specialist assistance is drawing to a conclusion, we therefore, expect to issue a Notice of Intended Dividend early this year. 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 and we will be writing to all known creditors to confirm there are no further claims to be considered during January 2019.

Receipts and Payments

I attach at Appendix B a statement of the Liquidators' receipts and payments for the period 6 November 2017 to 5 November 2018.

The only receipt during the period 6 November 2017 to 5 November 2018 was bank interest totalling £571. There are no further asset realisations anticipated in the Liquidation.

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 £59,616, total time costs to 5 November 2018 total £231,194. 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. We do not intend to draw any future time costs in this liquidation.

Joint Liquidators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £3,375 plus VAT. The expenses can be summarised as follows:

Type of expense	Paid (as at date of previous report)	Paid in this report period	Outstanding	Total
Public notices	237.60	-	-	237.60
Storage charges	7,279.45	262.59	-	7,542.04
Corporation tax	589.65	210.44	-	800.09
Bank charges	-	30.00	-	30.00
Agents fees	-	2,872.32	-	2,872.32
Total	8,106.70	3,375.35	-	11,482.05

The only further expenses are expected to be incurred relate to corporation tax and storage charges which will be finalised shortly ahead of the closure of the liquidation and following the final distribution to unsecured, non-preferential creditors.

The Joint Liquidators have incurred £898.26 of Category 2 disbursements during the period all relating to printing and postage costs. Total Category 2 disbursements incurred to 5 November 2018 total £3,489.91. To date, no disbursements have been drawn in the liquidation.

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.

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 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, please contact my colleague Amanda Scuffham on 0161 234 0507.

Yours faithfully
for the Company



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 Administrators' 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)

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 numbers	8582 and 8985
Liquidators' address(es):	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Telephone number:	0161 234 0507
Name of alternative person to contact with enquiries about the case:	Amanda Scuffham

Appendix B

Joint Liquidators' receipts and payments account for the period from 6 November 2017 to 5 November 2018

	To 5 November 2017 £	In this Report Period £	Total £
Receipts			
Joint Administrators' surplus	178,524	-	178,524
Interest received	3,614	571	4,186
Other income	13	-	13
	<u>182,152</u>	<u>571</u>	<u>182,723</u>
Payments			
Public notices	(238)	-	(238)
Storage charges	(7,279)	(263)	(7,542)
Corporation tax	(590)	(210)	(800)
Liquidators Fees	(50,000)	-	(50,000)
Bank charges	-	(30)	(30)
Agents fees	-	(2,872)	(2,872)
	<u>(58,107)</u>	<u>(3,375)</u>	<u>(61,482)</u>
Net Realisations	<u>124,045</u>	<u>(2,804)</u>	<u>121,241</u>
Funds Held:			
Cash at Bank			120,386
VAT Control			855
			<u>121,241</u>

Notes

1. Receipts and payments are stated net of VAT.

Appendix C

Lotus Construction Limited - In Creditors' Voluntary Liquidation

Summary of Joint liquidators' time costs for the period from 6 November 2017 to 5 November 2018 (and cumulative to date)

Hours	Executive Director / Director	Assistant Director	Senior Executive	Executive	Analyst	Total time cost		Average hourly rate for the period (£)	Cumulative time cost to date (£)
						Total hours for the period	for the period (£)		
Accounting and Administration	-	-	0.3	4.4	-	4.7	1,653	352	21,001
Bank & Statutory Reporting	0.5	-	-	4.5	3.0	8.0	2,155	269	13,735
Creditors	-	78.0	4.0	19.0	8.8	109.8	51,523	469	180,516
Employee matters	0.5	-	-	3.0	-	3.5	1,243	355	1,243
Investigation/CDDA	-	-	-	-	-	-	-	-	1,300
Other Matters	-	-	-	-	-	-	-	-	70
Statutory Duties	-	-	-	1.5	-	1.5	450	300	3,047
VAT & Taxation	-	0.9	-	2.7	3.6	7.2	2,593	360	10,283
Total hours for the period	1.0	78.9	4.3	35.1	15.4	134.7			
Total time cost for the period	660	43,206	1,886	11,218	2,647		59,616		
Average hourly rate for the period (£)	660	548	438	320	172			443	
Cumulative time cost to date (£)	19,093	107,446	16,416	49,518	38,723				231,194

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 and holding annual meetings of the creditors and the Company.
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.
