

Integrated Building Services Engineering Consultants Limited, t/a Operon

in Creditors' Voluntary Liquidation ("the Company")

Report to Creditors

22 March 2018

Ernst & Young LLP



EY

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1. Introduction

R H Kelly and I (“Joint Liquidators” or “the Liquidators”) were appointed as Joint Liquidators of the Company on 27 January 2011. I now write to provide you with our report on the progress of the liquidation for the period from 27 January 2017 to 26 January 2018.

This report should be read in conjunction with the Joint Liquidators reports to creditors dated 21 March 2012, 25 March 2013, 24 March 2014, 19 March 2015, 23 March 2016 and 24 March 2017.

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 27 January 2017 to 26 January 2018 is at Appendix B.

2. Progress of the Liquidation

2.1 Asset realisations

During the period covered by this report we have received additional realisations of £35,124 being the refund of fees and interest that Royal Bank of Scotland plc charged to the Company prior to our appointment.

We have also received a further dividend on the debt owing to the Company by Nysir hf totalling £5,568.

2.2 Secured creditors

National Westminster Bank has received distributions during the Administration totalling £410,053.47 including accrued interest and charges in full and final settlement of the Bank's secured claim.

2.3 Preferential creditors

Preferential creditors have been paid in full totalling £132,074.

2.4 Non-preferential creditors

The Liquidators paid a first and final dividend of 27.5 pence in the pound to non-preferential creditors on 26 August 2016. The total non-preferential claims submitted was £15,207,119 and the amount admitted for dividend purposes totalled £6,183,602.

As a result of the additional realisations received, the Joint Liquidators are now in a position to pay a further dividend to non-preferential creditors. The notice of dividend and payment of dividend will be issued within the next three months. This further dividend is not expected to exceed 0.6 pence in the pound, which will result in a total dividend to non-preferential creditors not exceeding 28.1 pence in the pound.

2.5 Further conduct in the Liquidation

The Joint Liquidators will take the necessary steps to conclude the Liquidation. This work will include inter alia:

- ▶ Paying a further dividend to non-preferential creditors;
- ▶ Finalising all matters relating to the Liquidation;
- ▶ Drawing final fees in the Liquidation;
- ▶ Dealing with tax and VAT matters; and
- ▶ Dealing with all statutory reporting and compliance matters including closure procedures.

3. Receipts and Payments account

I enclose a receipts and payments account for the Company for the period 27 January 2011 to 26 January 2018 at Appendix B. Please note this does not reflect estimated future realisations or costs.

4. Joint Liquidators' remuneration and disbursements

4.1 Joint Liquidators' remuneration

The Joint Liquidators' remuneration was fixed by a resolution of the creditors of the Company at the meeting held on 6 December 2011. Remuneration is fixed by reference to the time properly given by the Liquidators and their staff in attending to matters arising in the Liquidation and may be drawn on account during the course of the Liquidation. The fees for the Liquidation will be charged at a discount of 10% to the Liquidators' standard hourly charge out rates.

During the period 27 January 2017 to 26 January 2018, the Liquidators have incurred time costs of £24,569.

Since our appointment on 27 January 2011, the Liquidators have incurred time costs of £334,684 against which fees of £237,000 has been drawn.

At Appendix D and E to this report there is an analysis and narrative explanation of the time spent.

Our time costs to date relate principally to the following matters:

- ▶ Reviewing and agreeing the claims of creditors; and
- ▶ Statutory requirements including completion of HMRC returns and reports to creditors.

4.2 Joint Liquidators' disbursements

To date, Category 1 disbursements of £10,877.29 have been incurred during the Liquidation against which £4,418 has been drawn. The expenses can be summarised as follows:

Type of expense	Total £
Courier services	64.95
Postage	10,252.38
Travel	509.50
Sundry	50.46
Total	10,877.29

To date, no Category 2 disbursements have been incurred.

4.3 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/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Liquidators. Please note that the references in the Guide to fee estimates do not apply to liquidations, such as this one, which started before 1 October 2015.

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.

4.4 Payments to other professionals

The Liquidators have engaged the following other professionals to assist them. The professionals have been chosen on the basis of their experience in similar insolvency assignments and to utilise the ongoing trading relationships of the Purchasers with the contract customers.

Name of firm	Nature of service	How contracted to be paid
Walker Morris	Legal advice in respect of Aberdeen School dispute and Dolerite (UK) Ltd intercompany debtors and general advice	Time cost basis
DLA Piper LLP	Advice regarding the Aberdeen Schools dispute relating to Scottish Jurisdiction	Time cost basis
GVA Grimley	Realisation of rating valuation refund relating to the Company's head office	Percentage of realisations
The Purchasers	Collection of outstanding debtors relating to transferred contracts	Percentage of realisations

Details of fees paid to date are included in the receipts and payments account attached at Appendix B.

5. Other matters

The next report to creditors will be delivered within two months from the next anniversary date being 27 January 2019, or at the conclusion of the Liquidation, whichever is sooner.

Should you wish to discuss any aspect of this report, please do not hesitate to contact my colleague Tom Harvey on 0113 298 2355.

Yours faithfully
for the Company

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

CGJ 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.

We may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

Appendix A Statutory information

Registered office address of the Company	c/o Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Registered number	02036424
Full names of the Joint Liquidators	Robert Hunter Kelly Charles Graham John King
Joint Liquidators' address	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
Date of appointment of the Joint Liquidators	27 January 2011
Details of any changes of liquidator	n/a
Name of alternative person to contact with enquiries about the case:	Tom Harvey
Telephone number	0113 298 2355

Appendix B Joint Liquidators' receipts and payments account for the period 27 January 2011 to 26 January 2018

	27 January 2011 to 26 January 2017 £	27 January 2017 to 26 January 2018 £	Total £
Receipts			
Administrators' surplus	1,394,236	-	1,394,236
Corporation tax terminal loss relief	195,739	-	195,739
Europa debts	181,682	-	181,682
Intercompany debtor	214,357	5,568	219,925
Pihl settlement	124,070	-	124,070
Utilities refund	125,304	-	125,304
Contract sales	75,000	-	75,000
Prepayments & other debts	45,820	-	45,820
Refund of charges	-	35,124	35,124
Sundry income	1,402	-	1,402
Sundry debtors	39,572	-	39,572
Contribution to deed of assignment	6,000	-	6,000
Pension refund	12,750	-	12,750
Bank interest	40,978	-	40,978
ISA interest	156	-	156
Corporation tax	3,721	-	3,721
Total receipts	2,460,787	40,692	2,501,479
Payments			
Legal fees	175,502	-	175,502
Preferential creditors	132,074	-	132,074
Liquidators' fees	190,000	47,000	237,000
Debt collection commission	60,222	-	60,222
Administrators' fees	29,779	-	29,779
Professional fees	25,671	-	25,671
Corporation tax	10,043	-	10,043
Liquidators' disbursements	4,418	-	4,418
Administrators' disbursements	93	-	93
Legal disbursements	1,157	-	1,157
Storage charges	10,549	-	10,549
ISA cheque/banking fees	1,289	104	1,393
Public notices	237	-	237
Bank charges	45	1	46
Distribution to unsecured creditors	1,705,975	-	1,705,975
Total payments	2,347,055	47,105	2,394,159
Net realisations	113,732	(6,413)	107,320
Funds held:			
Cash at Bank			87,894
ISA account			10,026
VAT control account			9,400
			107,320

Appendix C Statement of Joint Liquidators' charging policy on remuneration and disbursements

Remuneration

The Joint Liquidators have engaged managers and other staff to work on the liquidation. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the liquidators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown at Appendix E, with the current hourly rates used displayed below.

Grade description	Standard hourly rates to 30 June 2010	From 1 July 2010	From 1 July 2011	From 1 July 2012	From 1 July 2013	From 1 July 2014	From 1 July 2015	From 1 July 2016	From 1 July 2017
	£	£	£	£	£	£	£	£	£
Partner	495	520	545	570	600	630	660	710	745
Executive Director	-	-	520	545	570	600	630	660	695
Director	405	425	445	465	490	515	540	565	595
Assistant Director	350	370	390	410	430	450	475	500	525
Senior Executive	275	290	305	320	335	350	370	390	410
Executive	200	210	220	230	240	250	265	280	295
Analyst	85-120	90-125	125-175	130-185	135-195	140-205	145-215	150-225	160-235
Accounting and Treasury Executive	100	105	110	115	120	125	130	135	140

Disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the Administration or Liquidation of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration.

It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn. To date, no Category 2 expenses have been incurred in the Liquidation.

Appendix D Joint Liquidators' time costs for the period 27 January 2017 to 26 January 2018

	Partner / Executive director	Assistant director	Senior Executive	Executive	Analyst / Support	Total hours	Total time costs (£)	Average hourly rate (£)
Accounting and Administration	-	-	3.0	49.5	-	52.5	15,517.5	295.6
Bank & Statutory Reporting	-	-	-	8.0	15.5	23.5	4,640.0	197.4
Creditors	-	-	-	-	2.2	2.2	330.0	150.0
Debtors	-	-	-	-	-	-	-	-
Employee Matters	-	-	-	-	-	-	-	-
Immediate Tasks	-	-	-	-	-	-	-	-
Investigation/CDDA	-	-	-	-	-	-	-	-
Legal Issues	-	-	-	-	-	-	-	-
Members	-	-	-	-	-	-	-	-
Other Assets	-	-	1.0	-	-	1.0	390.0	390.0
Other Matters	-	-	6.5	-	-	6.5	2,635.0	405.4
Property	-	-	-	-	-	-	-	-
Statutory Duties	-	-	0.5	-	5.0	5.5	1,017.5	185.0
VAT & Taxation	-	-	0.3	-	-	0.3	39.0	130.0
Total hours	-	-	11.3	57.5	22.7	91.5	24,569	269
Total time costs (£)	-	-	4,523	16,642	3,405	24,569		
Average hourly rate (£)	-	-	400	289	150	269		

Appendix E Joint Liquidators' time costs for the period 27 January 2011 to 26 January 2018

	Partner / Executive director	Assistant director	Senior Executive	Executive	Analyst / Support	Total hours	Total time costs (£)	Average hourly rate (£)
Accounting and Administration	1.0	3.0	4.6	72.5	189.0	270.1	46,644.5	172.7
Bank & Statutory Reporting	10.0	6.5	-	25.0	98.0	139.5	30,470.0	218.4
Creditors	47.0	28.0	21.4	288.5	503.0	887.9	181,446.0	204.4
Debtors	1.0	9.7	1.0	2.0	10.9	24.6	12,792.5	-
Employee Matters	-	1.0	0.4	24.4	9.8	35.6	8,943.0	-
Immediate Tasks	-	-	-	-	7.0	7.0	1,050.0	-
Investigation/CDDA	-	-	-	0.5	-	0.5	105.0	-
Legal Issues	23.0	-	-	-	14.5	37.5	11,730.0	-
Members	-	-	-	2.4	-	2.4	672.0	-
Other Assets	-	1.5	1.0	-	-	2.5	975.0	390.0
Other Matters	-	0.2	6.5	6.5	29.0	42.2	8,358.0	198.1
Property	5.5	-	-	19.3	2.0	26.8	7,716.5	-
Statutory Duties	-	2.0	0.5	-	18.0	20.5	3,727.5	181.8
VAT & Taxation	0.8	8.4	2.8	23.1	45.3	80.4	20,053.5	249.4
Total hours	88.3	60.3	38.2	464.2	926.5	1,577.5	334,684	212
Total time costs (£)	52,016	25,181	13,152	118,249	126,087	334,684		
Average hourly rate (£)	589	418	344	255	136	212		