

TO ALL MEMBERS AND ALL CREDITORS

21 March 2019

Direct line: 0161 234 0507  
Please ask for Amanda Scuffham  
Email: AScuffham@uk.ey.com

Dear Sirs

## **Integrated Building Services Engineering Consultants Limited (t/a Operon) (in Creditors' Voluntary Liquidation) ('the Company')**

R H Kelly and I 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 2018 to 26 January 2019.

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, 24 March 2017 and 22 March 2018.

At Appendix A of this report we provide information about the Company and its liquidators. A copy of our receipts and payments account for the period from 27 January 2018 to 26 January 2019 is at Appendix B.

### **Progress during the period of the report**

#### ***Preparations to make a final distribution to non-preferential creditors***

As outlined in our previous report, we have received additional realisations of £40,692 and are therefore able to declare a further dividend to non-preferential creditors.

We initially estimated that a notice and payment of dividend would be issued within three months of our previous report, however, since the report was issued, we received a claim from another creditor in relation to amounts owed prior to the Company entering Administration on 29 January 2010.

Furthermore, as the additional realisations represented further income received by the Company, an additional tax return had to be submitted to HMRC and clearance sought, before any distribution could be made.

The adjudication of the additional claim and resolving of tax matters resulting from the additional realisations (that will enable the additional distribution to non-preferential creditors) has delayed the payment of the non-preferential dividend beyond our initial estimate. Tax clearance in preparation for closure has now been received and as such, we intend to make the second and final distribution to non-preferential creditors as soon as possible and in any event within the next couple of months.

By way of background, the Joint Liquidators paid a first dividend of 27.5 pence in the pound to non-preferential creditors on 26 August 2016.

After costs of realisation and the retrospective dividend payable in respect of the additional claim received, we anticipate that the second and final distribution to non-preferential creditors will be a dividend of 0.4 pence in the £ (contributing to a total return to non-preferential creditors of 28 pence in the £).

### **Work which remains to be done**

We will continue to take the necessary steps to conclude the Liquidation. This work will include inter alia:

- Paying a further dividend to non-preferential creditors as outlined above;
- 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.

### **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 are charged at a discount of 10% to the Liquidators' standard hourly charge out rates.

During the period covered by this report, we have incurred time costs of £18,065. Since our appointment on 27 January 2011, we have incurred time costs of £352,749. Of this sum, £237,000 has been paid.

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.

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

### **Joint Liquidators' statement of expenses incurred**

During the period covered by this report, we have incurred expenses totalling £100 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
Legal fees	175,502	-	-	175,502
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
Administrators' disbursements	93	-	-	93
Legal disbursements	1,157	-	-	1,157
Storage charges	10,549	-	-	10,549
ISA cheque/banking fees	1,393	100	-	1,493
Public notices	237	-	-	237
Bank charges	46	-	-	46
<b>Total</b>	<b>314,692</b>	<b>100</b>	<b>-</b>	<b>314,792</b>

Further expenses are expected to be incurred with regards to storage charges which will be finalised in due course in preparation for the closure of the liquidation following the distribution to non-preferential creditors.

No disbursements were incurred during the period of this report. To date, Category 1 disbursements of £10,877.29 have been incurred during the Liquidation against which £4,418 has been drawn. Category 1 disbursements incurred to date can be summarised as follows:

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

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. To date, no Category 2 disbursements have been incurred.

### **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

The affairs, business and property of the Company are being managed by the Joint Liquidators, Robert Hunter Kelly and Charles Graham John King. As licensed insolvency practitioners, Robert Hunter Kelly and Charles Graham John King are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Liquidation.

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](http://www.ey.com/uk/officeholderprivacy).



## ***Appendix A***

### **Integrated Building Services Engineering Consultants Limited (t/a Operon) (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:	02036424
Date of appointment of the Joint Liquidators:	27 January 2011
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

### Integrated Building Services Engineering Consultants Limited (t/a Operon) (in Creditors' Voluntary Liquidation) ('the Company')

#### Joint Liquidators' receipts and payments account for the period from 27 January 2018 to 26 January 2019

	27 January 2011 to 26 January 2018	27 January 2018 to 26 January 2019	Total
	£	£	£
<b>Receipts</b>			
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	219,925	-	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
<b>Total receipts</b>	<b>2,501,479</b>	<b>-</b>	<b>2,501,479</b>
<b>Payments</b>			
Legal fees	175,502	-	175,502
Preferential creditors	132,074	-	132,074
Liquidators' fees	237,000	-	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	1,393	100	1,493
Public notices	237	-	237
Bank charges	46	-	46
Distribution to unsecured creditors	1,705,975	-	1,705,975
<b>Total payments</b>	<b>2,394,159</b>	<b>100</b>	<b>2,394,259</b>
<b>Net realisations</b>	<b>107,320</b>	<b>( 100)</b>	<b>107,220</b>
<b>Funds held:</b>			
Cash at Bank			87,894
ISA account			9,926
VAT control account			9,400
			<b>107,220</b>

#### Notes

1. Receipts and payments are stated net of VAT.

## Appendix C

### Integrated Building Services Engineering Consultants Limited (t/a Operon) (in Creditors' Voluntary Liquidation) ('the Company')

#### Summary of Joint Liquidators' time costs for the period from 27 January 2018 to 26 January 2019 (and cumulative to date)

Hours	Partner / 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	-	-	6.0	0.8	-	6.8	2,828	416	49,473
Bank & Statutory Reporting	1.5	-	-	-	-	1.5	1,095	730	31,565
Creditors	1.0	-	3.0	10.5	-	14.5	5,275	364	186,721
Other Matters	-	-	3.0	-	-	3.0	1,290	430	9,648
Statutory Duties	-	-	0.5	10.6	-	11.1	3,554	320	7,281
VAT & Taxation	-	0.5	0.4	2.0	10.2	13.1	4,024	307	24,077
Debtors	-	-	-	-	-	-	-	-	12,793
Employee Matters	-	-	-	-	-	-	-	-	8,943
Immediate Tasks	-	-	-	-	-	-	-	-	1,050
Investigation/CDDA	-	-	-	-	-	-	-	-	105
Legal Issues	-	-	-	-	-	-	-	-	11,730
Members	-	-	-	-	-	-	-	-	672
Other Assets	-	-	-	-	-	-	-	-	975
Property	-	-	-	-	-	-	-	-	7,717
<b>Total hours for the period</b>	<b>2.5</b>	<b>0.5</b>	<b>12.9</b>	<b>23.9</b>	<b>10.2</b>	<b>50.0</b>			
<b>Total time cost for the period</b>	<b>1,825</b>	<b>448</b>	<b>5,684</b>	<b>7,409</b>	<b>2,700</b>		<b>18,065</b>		
<b>Average hourly rate for the period (£)</b>	<b>730</b>	<b>895</b>	<b>441</b>	<b>310</b>	<b>265</b>			<b>361</b>	
<b>Cumulative time cost to date (£)</b>	<b>53,841</b>	<b>25,628</b>	<b>18,835</b>	<b>125,658</b>	<b>128,787</b>				<b>352,749</b>

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"> <li>▶ Overall management of the cases, treasury and accounting functions, statutory compliance diaries and time cost reporting.</li> </ul>
Bank and Statutory Reporting	<ul style="list-style-type: none"> <li>▶ Preparing annual progress reports, sending to creditors and filing at Companies House.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>▶ Receipt and recording of creditor claims.</li> <li>▶ 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.</li> <li>▶ Agreeing and adjudicating upon the claims of unsecured creditors.</li> </ul>
Debtors	<ul style="list-style-type: none"> <li>▶ Time spent in relation to the realisation / collection of debtors or managing collection agents instructed to act on behalf of the office holders.</li> <li>▶ Write-off of bad debts, continued liaison with the liquidators / administrators of bad debtors in relation to a partial realisation.</li> <li>▶ Legal matters concerning the collection of book debts.</li> </ul>
Employee Matters	<ul style="list-style-type: none"> <li>▶ Calculating and agreeing employees' unsecured creditor claims.</li> <li>▶ Calculating and paying dividends on claims and accounting for tax and National Insurance where appropriate on dividend payments.</li> <li>▶ Reviewing and agreeing claims submitted by the RPS and paying dividends as appropriate.</li> </ul>
Immediate tasks	<ul style="list-style-type: none"> <li>▶ Completion of work streams requiring immediate attention following the appointment of the Joint Liquidators.</li> </ul>
Investigations/CDDA	<ul style="list-style-type: none"> <li>▶ 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.</li> </ul>
Legal issues	<ul style="list-style-type: none"> <li>▶ Managing any legal issues arising within the liquidation.</li> </ul>
Members	<ul style="list-style-type: none"> <li>▶ All communications with members excluding the work which falls under bank and statutory reporting (i.e. periodic reports to members)</li> </ul>
Other assets	<ul style="list-style-type: none"> <li>▶ Communication with various parties and application of realisation strategy in relation to all other assets excluding property and debtors.</li> </ul>
Other matters	<ul style="list-style-type: none"> <li>▶ Dealing with ad-hoc queries from the various stakeholders of the Company.</li> </ul>
Property	<ul style="list-style-type: none"> <li>▶ All leasehold and freehold issues including: <ul style="list-style-type: none"> <li>▶ Sale of property /assignment of lease</li> <li>▶ Release of securities from fixed charge lenders</li> <li>▶ Disclaimer of onerous leasehold property</li> <li>▶ All correspondence with legal advisors in relation to the property issues identified</li> <li>▶ Dealing with any liabilities arising as a result of the company owning property</li> <li>▶ Recovery of retentions due</li> </ul> </li> </ul>
Statutory Duties	<ul style="list-style-type: none"> <li>▶ 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.</li> </ul>
VAT & Taxation	<ul style="list-style-type: none"> <li>▶ 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.</li> <li>▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Liquidation and preceding Administration.</li> <li>▶ Deregistering for VAT.</li> </ul>