

British Steel Holdings Limited (the Company)

Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees Overview

Prior to insolvency practitioners agreeing the basis of their remuneration as liquidators, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where the liquidators propose to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a **fees estimate** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a **fees estimate** may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the **fees estimate** is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the liquidation. If it is considered that the **fees estimate** will be exceeded, the liquidators will provide an update and seek approval to increase the previously agreed **fees estimate**.

Work anticipated and the likely return to creditors

Some of the work undertaken by insolvency practitioners is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the liquidators to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, the liquidators will provide an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. Liquidators are, however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis

In this case, it is being proposed that the basis of our remuneration as liquidators will be based on the time spent by us and our staff in dealing with the Company's affairs. Attached to this document is our **fees estimate**, together with an explanation of the work we propose undertaking.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my **fees estimate**, I have indicated the rates and grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

This **fees estimate** is produced on the basis of all the work I currently propose will be necessary in the liquidation. If I consider the **fees estimate** will be exceeded, I will notify creditors accordingly and provide a revised estimate and seek further approval for my increased fees.

Outline of work to be done by the liquidator

Below are details of the work I propose undertaking in support of the above **fees estimate** for the liquidation:

Administration (including statutory compliance & reporting)

Liquidators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work includes:

- Notifying creditors of the Joint Liquidators' appointment and other associated formalities, including statutory advertising and filing relevant statutory notices at Companies House.
- Preparing and issuing annual progress reports to members and creditors.
- Lodging periodic returns with the Registrar of Companies for the liquidation.
- Complying with statutory duties in respect of the liquidator's specific penalty bond.
- Creation, maintenance and update of case files on the firm's insolvency software.
- Redirection of the Company's mail to the liquidator's office.
- Securing the Company's books and records and compliance with the General Data Protection Regulation ("GDPR").
- Completion and filing of the notice of the Company's insolvency to HM Revenue & Customs ("HMRC").
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 ("CDDA") including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the liquidation.
- Submitting a statutory report to the Insolvency Service under the CDDA.
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter).
- Opening, maintaining and managing the liquidation estate cashbook and bank account.
- Dealing with all post-appointment VAT and corporation tax compliance.
- Liaison with secured creditors, obtaining charge documents and validating the security
- Closing the liquidation and preparing and issuing the liquidators final account to prescribed parties

Realisation of assets

Work done by the Joint Liquidators, their staff and any third parties engaged to assist the Joint Liquidators in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and/or unsecured creditors of the Company. Further information on the likely outcome of the liquidation process will be provided in the Joint Liquidators' subsequent progress reports.

Creditors (claims and distributions)

As Joint Liquidators, we will deal with all secured and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on information currently available, it is not certain whether any funds will be available for distribution. This is the position as stated in the directors' estimated Statement of Affairs. We will deal with the review and adjudication of creditors' claims as appropriate, if and when it is determined that a dividend is to be declared to that class of creditor.

It should be noted that the above is based on the estimated statement of affairs and the projected realisable value of the Company's assets which at this stage is unconfirmed, together with the anticipated costs of the liquidation. We will undertake appropriate investigations into, and obtain valuations of, the Company's assets and will confirm the likely return to creditors in our first progress report.

Investigations

As Joint Liquidators, we are required to conduct investigations into the conduct of the directors of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work we are required to undertake by statute. We have included the time we consider will be needed to comply with the above legislation within *Administration* above.

If, however, our initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will be estimated within this time category.

At this stage we do not foresee any substantial investigation work will be required, but if following the conclusion of our initial investigations we consider that further investigation work is then required to pursue assets of the Company, we will provide creditors with an update on our **fee estimate**.

Case Specific Matters

This relates to time incurred in dealing with matters specific to this liquidation which are outside the scope of the other standard activity codes referred to elsewhere. Should case specific work be undertaken, we will provide details of this in our first progress report.

Liquidator's Expenses

I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the liquidation. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update in my first progress report to creditors at the anniversary of my appointment as liquidator or sooner, if the case is concluded beforehand.

Expense	Estimated Cost (£)
Statutory Advertising	241
Liquidators' specific penalty bond	24
External storage of Company's books and records	7
Category 2 disbursements charged by the firm	
Printing	15

Rollings Butt LLP's Charge-out rates and Category 2 disbursements policy

Below are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of my remuneration as liquidator is fixed.

It should be noted that my firm's charge-out rates may increase periodically. If any such increases impact on the **fees estimate** for the liquidation, creditors will be notified accordingly.

Grade	Rate (£ per hour)
Partner	525
Director	420
Manager	265-325
Associate	160-240

Disbursement	Cost
Printing	15 pence per sheet
Photocopying	15 pence per sheet
Travel (car)	45 pence per mile

Liquidator's Fees Estimate

Below is our **fees estimate** for the liquidation. The work the liquidators anticipate undertaking in relation to this estimate has been outlined above. It is an estimate for the entire liquidation, and if we consider this estimate will be exceeded, we will advise creditors and seek approval for my revised **fees estimate** as appropriate.

Classification of Work Function	Partner	Manager	Associate	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	2.00	3.00	20.00	25.00	5,925.00	237.00
Case Specific Matters	0.50	-	1.00	1.50	457.50	305.00
Creditors	3.00	2.00	8.00	13.00	3,785.00	291.15
Investigations	14.00	3.00	15.00	32.00	11,250.00	351.56
Realisation of Assets	3.00	2.00	6.00	11.00	3,395.00	308.64
Total Hours	22.50	10.00	50.00	82.50	24,812.50	300.76

The estimate has been calculated on the basis of the following charge out rates:

Role	Hourly rate
Partner	525
Manager	325
Associate	195