

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 2 5 9 6 0 2 5

Company name in full Jem Shopfitting Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) Chris

Surname Ferguson

### 3 Liquidator's address

Building name/number RMT

Street Gosforth Park Avenue

Post town Newcastle upon Tyne

County/Region Tyne & Wear

Postcode N E 1 2 8 E G

Country

### 4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator  
Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

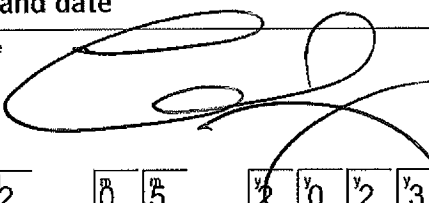
Postcode

Country

② Other liquidator  
Use this section to tell us about  
another liquidator.

# LIQ03

## Notice of progress report in voluntary winding up

<b>6</b>	<b>Period of progress report</b>															
From date	d	3	d	1	m	0	m	3	y	2	y	0	y	2	y	2
To date	d	3	d	0	m	0	m	3	y	2	y	0	y	2	y	3
<b>7</b>	<b>Progress report</b>															
<input checked="" type="checkbox"/> The progress report is attached																
<b>8</b>	<b>Sign and date</b>															
Liquidator's signature	<div style="display: flex; justify-content: space-between;"> <span>X</span>  <span>X</span> </div>															
Signature date	d	2	d	2	m	0	m	5	y	2	y	0	y	2	y	3

**Jem Shopfitting Limited**  
**(In Liquidation)**  
**Liquidator's Summary of Receipts & Payments**

Statement of Affairs £		From 31/03/2022 To 30/03/2023 £	From 31/03/2020 To 30/03/2023 £
	<b>ASSET REALISATIONS</b>		
175,679.39	Balance at Bank	NIL	179,041.25
	Bank Interest Gross	11.18	121.48
5,000.00	Bond Held	NIL	5,000.00
112,510.42	Book Debts	2,431.44	96,017.08
5,239.12	Float Book	NIL	NIL
1,500.00	Furniture & Equipment	NIL	NIL
NIL	Leasehold Property Improvements	NIL	NIL
9,000.00	Motor Vehicles	NIL	7,670.83
82,500.00	Plant & Machinery, Stock, Furniture & Eq	NIL	140,385.00
	Refund - Council	NIL	58.61
5,575.00	Retentions	NIL	5,575.00
5,000.00	Stock	NIL	NIL
		<u>2,442.62</u>	<u>433,869.25</u>
	<b>COST OF REALISATIONS</b>		
	Agents/Valuers Fees	NIL	400.00
	Auctioneer's Charges and Commissions	NIL	5,706.33
	Bordereau Premium	NIL	225.00
	Courier Fees	NIL	250.00
	Fees:% Asset Realisations	7,022.72	35,465.92
	Fees:Creditors - Time Cost Basis	1,128.50	9,016.50
	Fees:Fixed - Stat/Admin/Plan	2,500.00	12,500.00
	Fees:Investigations - Time Costs	2,271.00	4,257.00
	Insurance of Assets	NIL	458.30
	Land Registry	12.00	12.00
	Legal Fees - Book Debt	277.00	529.00
	Legal Fees - Property	NIL	3,648.00
	Preparation of Statement of Affairs	NIL	7,500.00
	Professional Assistance- S of A	NIL	750.00
	Property Security Expenses	NIL	758.73
	Re-Direction of Mail	NIL	169.67
	Stationery, Postage, Office costs	NIL	37.75
	Statutory Advertising	NIL	283.50
	Storage Costs	12.27	351.82
	Telephone	NIL	3.56
	Travel & Subsistence	NIL	15.00
	Unclaimed Dividends Fee	25.75	25.75
	Utility Costs - occupation	NIL	947.95
		<u>(13,249.24)</u>	<u>(83,311.78)</u>
	<b>PREFERENTIAL CREDITORS</b>		
(9,723.27)	Employee Arrears/Hol Pay	NIL	9,177.48
	PAYE/NIC deductions on Dividends	12,869.58	13,496.11
(1,683.92)	Pension Schemes	NIL	28,946.00
		<u>(12,869.58)</u>	<u>(51,619.59)</u>
	<b>FLOATING CHARGE CREDITORS</b>		
(144,513.73)	Director's Loan Account	NIL	144,513.73
(23,115.03)	JEM Shopfitting	NIL	NIL
		<u>NIL</u>	<u>(144,513.73)</u>
	<b>UNSECURED CREDITORS</b>		
(1,535.58)	Directors' Loan Accounts	262.33	262.33
(52,705.83)	HMRC	NIL	NIL
(342,467.76)	Redundancy & Compensatory Notice Pay	58,593.72	58,593.72

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Statement of Affairs £		From 31/03/2022 To 30/03/2023 £	From 31/03/2020 To 30/03/2023 £
(340,980.96)	Trade & Expense Creditors	93,939.77	93,939.77
		(152,795.82)	(152,795.82)
	DISTRIBUTIONS		
(175,000.00)	Ordinary Shareholders	NIL	NIL
(195,000.00)	Premium Shareholders	NIL	NIL
	Underpaid pref funds	NIL	(11.00)
		NIL	11.00
(884,722.15)		(176,472.02)	1,639.33
	REPRESENTED BY		
	Appointee Bank Account		5,005.75
	Suspense Account		(0.10)
	Unclaimed Dividend Account		(4,898.20)
	Vat Payable		(1,115.00)
	Vat Receivable		2,646.88
			1,639.33

**Jem Shopfitting Limited – In Creditors’ Voluntary Liquidation (“the Company”)  
Liquidator’s Progress Report to Creditors and Members  
For the period 31<sup>st</sup> March 2022 to 30<sup>th</sup> March 2023**

**Introduction**

As you are aware I was appointed Liquidator of the Company on 31<sup>st</sup> March 2020.

This report should be read in conjunction with my reports dated 28<sup>th</sup> May 2021 and 25<sup>th</sup> May 2022. I summarise my conduct of the liquidation to date below.

**Statutory Information**

Company name:	Jem Shopfitting Limited
Registration number:	02596025
Principal Trading Address:	Springfield Mills Spa Street Ossett WF5 0HW
Registered Office:	RMT Gosforth Park Avenue Newcastle upon Tyne NE12 8EG
Liquidator's names:	Christopher John Ferguson
Liquidator's address:	Gosforth Park Avenue Newcastle Upon Tyne NE12 8EG
Liquidator's contact details:	chris.ferguson@r-m-t.co.uk tracy.johnstone@r-m-t.co.uk and 0191 256 9500.
Date of appointment:	31 March 2020

**Liquidator's Actions Since Last Progress Report**

**Receipts and Payments**

My Receipts & Payments Account for the period from 31<sup>st</sup> March 2022 to 30<sup>th</sup> March 2023, incorporating the whole period of the liquidation, is attached.

All amounts are shown net of VAT. I have reconciled the account against the financial records that I am required to maintain.

The balance of funds are held in an interest bearing estate bank account.

## **Assets**

### Book Debt

As you are aware from my previous report I instructed solicitors from Ward Hadaway to assist in pursuing outstanding disputed debts. Following a protracted exchange of correspondence between the debtor, solicitor and Mr Lee Johnson, the director of the Company, the debtor finally agreed a payment of £10,000.00 in full and final settlement of the amount due.

Funds were paid to the liquidation account on 12<sup>th</sup> April 2023 hence not being included in the attached receipts and payment account.

No further realisations are anticipated.

### **Pre-Appointment Remuneration**

The Board previously authorised the payment of a fee of £7,500.00 plus VAT and disbursements for my assistance with preparing the statement of affairs and arranging the decision procedure for creditors to appoint a liquidator.

The fee for preparing the statement of affairs and arranging the decision procedure for creditors to appoint a liquidator was paid from first realisations on appointment and is shown in the enclosed receipts and payments account.

The Board also authorised the payment of a fee of £750.00 plus VAT and disbursements to Stokoe Loughlin Chartered Accountants for the provision of information required to prepare the statement of affairs

The fee for providing this information was paid from first realisations on appointment and is shown in the enclosed receipts and payments account.

### **Liquidator's Remuneration**

My remuneration was authorised by written resolution passed by Creditors on 13<sup>th</sup> May 2020. The basis of my remuneration was fixed on differing bases summarised as follows:-

#### Fixed Fee

I was authorised to draw time costs for my work in respect of Statutory, Administration and Planning matters. This approval was based on my fees estimate of £12,500.00.

Of this amount, £12,500 has been drawn to date, of which £2,500.00 has been drawn in the reporting period.

There is certain work that we are required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last report is summarised below:

#### Administration and planning:

Dealing with all routine correspondence and emails relating to the case.

Undertaking regular bank reconciliations of the bank account containing estate funds.

Reviewing the adequacy of the specific penalty bond on a quarterly basis.

Undertaking periodic reviews of the progress of the case.  
Overseeing and controlling the work done on the case by case administrators.  
Preparing, reviewing and issuing annual progress reports to creditors and members.  
Filing returns at Companies House.  
Preparing and filing Corporation Tax returns.

#### Time Cost - Creditors

I was authorised to draw time costs for my work in respect of creditors. This approval was based on my fees estimate of £9,016.50. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

My total time costs for such work to 30<sup>th</sup> March 2023 amount to £23,045.00, representing 119.60 of hours work at an average charge out rate of £192.68 per hour, of which £6,422.00, representing 36.20 hours of work at an average charge out rate of £177.40 per hour, has been charged in this reporting period. The actual average charge out rate incurred compares with the estimated average charge out rate of £209.93 in my fees estimate.

To date £9,016.50 has been drawn to date in respect of work done for which my fees were approved on a time cost basis, of which £1,128.50 has been drawn in the reporting period.

There is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last report is summarised below:

Corresponding with employees regarding their claims.  
Liaising with the Redundancy Payments Office regarding employee claims.  
Dealing with creditor correspondence, emails and telephone conversations regarding their claims.  
Maintaining up to date creditor information on the case management system.  
Reviewing proofs of debt received from creditors.  
Issuing a notice of intended dividend and placing an appropriate gazette notice.  
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.  
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.  
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.  
Paying tax deducted from the dividends paid to employees.

#### Time Cost – Investigations

I was authorised to draw time costs for our work in respect of investigations. This approval was based on my fees estimate of £4,524.00. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

My total time costs for such work to 30<sup>th</sup> March 2023 amount to £3,891.00, representing 19.00 of hours work at an average charge out rate of £204.79 per hour. No time has been charged in this reporting period. The actual average charge out rate incurred compares with the estimated average charge out rate of £234.40 in my fees estimate.

To date £4,257.00 has been drawn in respect of work done for which my fees were approved on a time cost basis, of which £2,271.00 has been drawn in the reporting period.

There is certain work that I am required by the insolvency legislation to undertake in connection with the

liquidation that provides no financial benefit for the creditors.  
However, no work has been undertaken in the reporting period.

A detailed schedule of my time costs incurred to 30<sup>th</sup> March 2021, compared with my original fees estimate, is attached.

#### Percentage Basis – Realisation of Assets

Finally, I was also authorised to draw a percentage of realisations for our work in respect of the realisation of the Company's assets.

Please note that I am aware of an anomaly in my previous reports in relation to how the various % bases were set out. Whilst this did not affect the level of fees drawn, for the purpose of transparency, this has been rectified in this report and is set out below.

Based on realisations achieved to date I am entitled to remuneration as follows:

10% of realisations of book debt – based on realisations of £96,017.08 achieved to date I am entitled to remuneration of £9,601.71. I have drawn £9,593.28 in respect of work done for which my fees were approved as a 10% of realisations, of which £4,907.72 has been drawn in the reporting period.

10% of realisations of motor vehicles – based on realisations of £7,670.83 achieved to date I am entitled to remuneration of £767.08. I have drawn £767.08 in respect of work done for which my fees were approved as a 10% of realisations, of which £NIL has been drawn in the reporting period.

10% of realisations of plant & machinery – based on realisations of £140,385.00 achieved to date I am entitled to remuneration of £14,038.50. I have drawn £14,038.50 in respect of work done for which my fees were approved as a 10% of realisations, of which £NIL has been drawn in the reporting period.

5% of realisation of cash - based on realisations of £179,041.25 achieved to date I am entitled to remuneration of £8,952.06. I have drawn £8,952.06 in respect of work done for which my fees were approved as a 5% of realisations, of which £NIL has been drawn in the reporting period.

20% of realisation of other assets - based on realisations of £10,575.00 to date I am entitled to remuneration of £2,115.00 in respect of work done for which my fees were approved as a 20% of realisations of other assets, of which £2,115.00 has been drawn in the reporting period.

There is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last report is summarised below:

Corresponding with debtors and attempting to collect outstanding book debts.

Instructing solicitors to pursue outstanding and disputed book debt.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>

There are different versions of these Guidance Notes, and in this case please refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which is enclosed.



## Liquidator's Expenses

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

### Category 1 expenses

My original estimate for expenses included £508.50 for initial costs and £905.60 for future costs at a total of £1,319.50.

I have incurred total expenses of £4,426.30. I have drawn total expenses of £4,042.28 to the date of this report, of which £301.27 was drawn in the current reporting period. I have incurred expenses of £384.02 which have not been drawn. I anticipate future expenses of £287.50.

My costs are higher than estimated due to the unforeseen effect of the Covid-19 pandemic. This is reflected in the additional costs of insuring and securing of the premises until my agents were able to hold an on-site auction.

During this period an agreement was made with the landlord that costs incurred during my period of occupation, 31<sup>st</sup> March 2020 to 26<sup>th</sup> June 2020, in respect of electricity usage would be met as an expense of the liquidation.

Type of expense	Original Estimate	Incurred and paid in whole period of liquidation	Incurred and paid in current reporting period	Incurred and unpaid	Anticipated future expenses
AON Ltd - Bond	£225.00	£225.00	£0.00	£0.00	£0.00
Courts – Statutory Advertising	£283.50	£283.50	£0.00	£103.50	£0.00
Mail redirection	£211.00	£169.67	£0.00	£0.00	£0.00
Uplift & storage of books & records	£600.00	£601.82	£12.27	£129.28	£150.00
Travel & Subsistence	£0.00	£15.00	£0.00	£0.00	£0.00
Telephone	£0.00	£3.56	£0.00	£0.00	£0.00
Postage	£0.00	£37.75	£0.00	£151.24	£25.00
AON Ltd - Insurance	£0.00	£458.30	£0.00	£0.00	£0.00
Security of Premises	£0.00	£758.73	£0.00	£0.00	£0.00

Utilities in occupation	£0.00	£947.95	£0.00	£0.00	£0.00
Land Registry	£0.00	£12.00	£12.00	£0.00	£0.00
Legal Fees – Debtors	£0.00	£529.00	£277.00	£0.00	£112.50

I have used the following professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
BPI AA	Valuation/Auctioneer	Fixed Fee and Expenses
Ward Hadaway	Solicitors	Time Costs
Bradley Hall	Valuation of Lease/Review of plans and titles	Fixed Fee

My choice of professional advisors was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case and represents value for money.

Professional Advisor	Amount incurred and paid	Estimated future expenses
BPI AA	£5,706.33	-
Ward Hadaway	£3,648.00	-
Bradley Hall	£400.00	-

#### Category 2 expenses:

I am required to seek approval before I can pay any expenses to associates or pay expenses where there is an element of shared costs, which are known as category 2 expenses. My category 2 expenses incurred to date amount to £NIL.

#### **Liabilities**

##### Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies showed security held as follows:

A first Debenture has been granted between the Company and Mr Lee Scott Johnson, dated 8th August 2014 and delivered 21st August 2014.

A second Debenture has been granted between the Company, Mr Lee Scott Johnson, Ms Julie Johnson, Mr Philip Smallwood and Mr Michael Brown, in relation to the Scottish Widows SSAS Pension Scheme, dated 13th March 2015 and delivered 17th March 2015.

Following my appointment I took legal advice in respect of the validity of the debentures listed above. My solicitors confirmed that they were satisfied that both debentures were valid.

A first and final distribution of £144,513.73 was declared and paid to the first debenture holder Mr Lee Johnson 24th August 2020.

A first and final distribution of £28,946.00 was declared and paid to second debenture holder Scottish Widows SSAS Scheme on 17th September 2020.

#### Preferential Creditors

The statement of affairs anticipated £9,723.27 in respect of employee preferential claims. Claims totalling £9,804.01 have been received.

A full and final dividend of £9,804.01, being 100p in the £, was declared and paid on 23rd April 2021.

#### Crown Creditors

The statement of affairs included £52,702.73 owed to HMRC.

In my previous report I stated that it was estimated that there would be a dividend payable to the unsecured creditors.

A notice of intention to declare a dividend to the unsecured creditors of the Company was sent on 5<sup>th</sup> May 2022 requesting that creditors provide their proof of debt by 7<sup>th</sup> June 2022.

An interim distribution of £165,665.40, representing 17.08p in the £, was declared on 5<sup>th</sup> August 2022.

HMRC submitted an updated claim of £80,197.34 on 2<sup>nd</sup> February 2023, a considerable time after the last day to prove. The additional amount has now been admitted to rank for any further distributions.

#### Non-preferential unsecured Creditors

The statement of affairs included 75 non-preferential unsecured creditors with an estimated total liability of £340,980.00.

Since my last report I have received claims from 44 creditors at a total of £288,808.94.

I have not received claims from 31 creditors with original estimated claims in the statement of affairs of £57,152.55.

I have received claims from 6 creditors not included in the original statement of affairs of £40,595.42.

I have received a claim from Redundancy Payments Service for £342,982.01.

Employees residual claims in respect of payment in lieu of notice and redundancy pay have been calculated at £317,529.50.

Claims totalling £21,718.78 have been rejected.

As discussed above, in my previous report I stated that it was estimated that there would be a dividend payable to the unsecured creditors.

A notice of Intention to declare a dividend to the unsecured creditors of the company was sent on 5<sup>th</sup> May 2022 requesting that creditors provide their proof of debt by 7<sup>th</sup> June 2022.

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## **Dividend Prospects**

### Non-preferential unsecured Creditors

After taking into account asset realisations, together with fees and expenses incurred to date, together with estimated future realisations, fees and expenses, I anticipate that I will be able to pay a small final dividend to non-preferential unsecured creditors.

### **Further Information**

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Liquidator's remuneration and expenses within 21 days of their receipt of this report. Any secured creditor may request the same details in the same time limit.

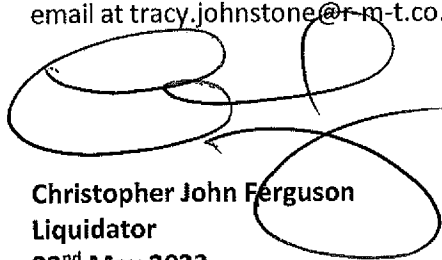
An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Liquidator as being excessive, and/or the basis of the Liquidator's remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about RMT Accountants and Business Advisors Ltd can be found at [www.r-m-t.co.uk](http://www.r-m-t.co.uk).

### **Summary**

The Liquidation will remain open until the final distribution to unsecured creditors has been fully resolved. I estimate that this will take approximately 6-9 months and once resolved the Liquidation will be finalised and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Tracy E. Johnstone on 0191 256 9500, or by email at [tracy.johnstone@r-m-t.co.uk](mailto:tracy.johnstone@r-m-t.co.uk).



**Christopher John Ferguson**  
**Liquidator**  
**22<sup>nd</sup> May 2023**

**Jem Shopfitting Limited**  
**(In Liquidation)**  
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**(In Liquidation)**  
**Liquidator's Summary of Receipts & Payments**

Statement of Affairs £		From 31/03/2022 To 30/03/2023 £	From 31/03/2020 To 30/03/2023 £
(340,980.96)	Trade & Expense Creditors	93,939.77	93,939.77
		(152,795.82)	(152,795.82)
	DISTRIBUTIONS		
(175,000.00)	Ordinary Shareholders	NIL	NIL
(195,000.00)	Premium Shareholders	NIL	NIL
	Underpaid pref funds	NIL	(11.00)
		NIL	11.00
(884,722.15)		(176,472.02)	1,639.33
	REPRESENTED BY		
	Appointee Bank Account		5,005.75
	Suspense Account		(0.10)
	Unclaimed Dividend Account		(4,898.20)
	Vat Payable		(1,115.00)
	Vat Receivable		2,646.88
			1,639.33

Time & Chargeout Summaries  
31st March 2022 to 30th March 2023  
Company: JEM Shopfitting Limited in liquidation

Classification of Work Function	Original Estimate			Current Reporting Period			Total Period of Liquidation		
	Total Hours	Time Cost £	Average hourly rate £	Total Hours	Time Cost £	Average hourly rate £	Total Hours	Time Cost £	Average hourly rate £
Creditors	42.95	9,016.50	209.93	36.20	6,422.00	177.40	119.60	23,045.00	192.68
Investigations	19.30	4,524.00	234.40	0.00	0.00	0.00	19.00	3,891.00	204.79
Total	62.25	13,540.50		36.20	6,422.00		138.60	26,936.00	

## PROOF OF DEBT - GENERAL FORM

<b>Jem Shopfitting Limited</b> <b>02596025</b>	
This proof must be made out by, or under the direction of, the creditor and authorised by the creditor or a person with relevant authorisation as at the date of the winding up.	
Date of Winding-Up Order / Resolution for voluntary winding up 31/03/2020	
1.	Name of Creditor (If a company please also give company name and registration number)
2.	Address of Creditor for correspondence (principal place of business)
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation
4.	If amount in 3 above includes outstanding uncapitalised interest please state amount
5.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
6.	Particulars of any security held, the value of the security, and the date it was given.
7.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
8.	Details of any documents by reference to which the debt can be substantiated. [Note there is no need to attach them now but the liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chair or convenor of any meeting].
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Address of person signing (if different from 2 above)
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Liquidator	Liquidator



## **PRACTICE FEE RECOVERY POLICY FOR RMT ACCOUNTANTS & BUSINESS ADVISORS LTD**

### **Introduction**

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors via a decision procedure, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/fees>. Alternatively, a hard copy may be requested from RMT Accountants & Business Advisors Ltd of Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG. Please note that we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

### **Time cost basis**

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

### **Chargeout Rates**

<b>Grade of staff</b> Recovery & Insolvency	<b>Current charge-out rate per hour, effective from 1<sup>st</sup> January 2022</b> £	<b>Current charge-out rate per hour, effective from 1<sup>st</sup> July 2021</b> £
Director	310.00	310.00
Appointee	310.00	290.00
Manager	260.00	260.00
Senior Administrator	180.00	180.00
Junior Administrator	120.00	120.00

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

Grade of staff Tax Department	Current charge-out rate per hour, effective from 1 <sup>st</sup> January 2022 £	Current charge-out rate per hour, effective from 1 July 2021 £
Director	250.00	220.00
Head of Tax	100.00	88.00
Tax Advisor	70.00	50.00

These charge-out rates charged are reviewed on 1<sup>st</sup> July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning.
- Investigations.
- Realisation of Assets.
- Creditors.
- Trading
- Case specific matters.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs for the following categories:

- Investigations
- Distributions
- Trading

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

## **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often.

A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

## **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

## **Members' voluntary liquidations and Voluntary Arrangements**

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Disbursements**

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or RMT Accountants & Business Advisors Ltd; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate.

These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered:

Mileage

at HMRC rates