

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

02645304

Name of Company

Cloverford Limited T/A Clover Knitwear

I *MB*

Mark Jonathan Botwood, Regent House, Bath Avenue, Wolverhampton, WV1 4EG

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 06/05/2015 to 05/05/2016

Signed

MJB

Date

22/6/16

Muras Baker Jones Ltd
Regent House
Bath Avenue
Wolverhampton
WV1 4EG

Ref C1737/MJB/AS

FRIDAY



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COMPANIES HOUSE

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**Cloverford Limited T/A Clover Knitwear
(In Liquidation)
Liquidator's Abstract of Receipts & Payments**

Statement of Affairs		From 06/05/2015 To 05/05/2016
	ASSET REALISATIONS	
NIL	Plant & Machinery	NIL
NIL	Office Equipment	NIL
500 00	Stock (Note 1)	1,000 00
19,998 67	Debtor	5,817 47
NIL	Shares & Investments	NIL
	Bank Interest Gross	2 92
		<u>6,820 39</u>
	COST OF REALISATIONS	
	Liquidators Remuneration	2,000 00
	Agents Fees/Commission	799 80
		<u>(2,799 80)</u>
	PREFERENTIAL CREDITORS	
(14,956 34)	Employees Holiday Pay	<u>NIL</u>
		NIL
	FLOATING CHARGE CREDITORS	
(29,469 48)	Natwest Bank	<u>NIL</u>
		NIL
	UNSECURED CREDITORS	
(341,454 28)	Trade & Expense Creditors	NIL
(79,617 61)	Department of Employment	NIL
(72,799 50)	Directors	NIL
(15,100 00)	Landlord	NIL
(8,445 01)	Inland Revenue PAYE	NIL
(100 00)	Inland Revenue C Tax	NIL
(3,830 08)	Revenue & Customs VAT	NIL
(25,187 83)	Sardar Knitwear	<u>NIL</u>
		NIL
	DISTRIBUTIONS	
(2 00)	Ordinary Shareholders	<u>NIL</u>
		NIL
<u>(570,463.46)</u>		<u><u>4,020.59</u></u>
	REPRESENTED BY	
	VAT Receivable	559 96
	Interest Bearing Current Account	3,460 63
		<u>4,020.59</u>



Mark Jonathan Botwood
Liquidator

Cloverford Limited T/A Clover Knitwear – In Creditors' Voluntary Liquidation

LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS

For the year ending 5 May 2016

EXECUTIVE SUMMARY

The company ceased to trade prior to the appointment of a Liquidator. The strategy on appointment has been to maximize asset realisations and investigate transactions to any possible recovery claims.

Upon appointment two creditors made reservation of title claims over the remaining quantity of stock. Both were rejected and all yarn stock was sold for £1,000.

Plant and machinery and office equipment were given an ex situ valuation of £400 and £130 respectively. However, the assets proved to be incomplete, with the value of scrap low and the added costs of removal to be incurred given all were located on an upper floor, the advice received to abandon items was agreed and taken.

I and my staff have undertaken initial outstanding debt collections. One debt for £6,551 is considered to be uncollectable due to the company itself being insolvent. Part of the remaining debt totaling £19,999 has been received within the year with the remaining disputed £14,181 under further investigation.

Investigations have been undertaken during the year focusing on creditor concerns raised at the section 98 meeting in relation to the company trading while insolvent, and a related party loan account.

Any dividend distribution is subject to the conclusion of the outstanding debtor recovery and the conclusion of ongoing investigations in to possible recovery claims against the directors of the company.

STATUTORY INFORMATION

Company name	Cloverford Limited T/A Clover Knitwear
Registered office	Muras Baker Jones 3 rd Floor Regent House Bath Avenue Wolverhampton WV1 4EG
Former registered office	Clipper House Frederick Street Wolverhampton WV2 4DU
Registered number	02645304

Liquidator's names	Mark Jonathan Botwood
Liquidator's address	Muras Baker Jones 3 rd Floor Regent House Bath Avenue Wolverhampton WV1 4EG
Liquidator's date of appointment	6 May 2015

LIQUIDATORS' ACTIONS SINCE APPOINTMENT

The company ceased to trade at the end of December 2014 before entering Liquidation on the 6 May 2015. The strategy on appointment has been to maximize asset realisations and investigate transactions to any possible recovery claims.

At the section 98 meeting a major creditor raised various concerns regarding the trading of the company alleging it may have traded whilst insolvent prior to liquidation and also questioning the relationship of a related party loan. Investigations initially focused on these areas of concern along with other transactional reviews. As detailed below a significant amount of transactional review work has been undertaken with legal advice sought after the reporting year end to establish the chances of bringing a successful legal challenge against the directors for the benefit of the liquidation.

Cerberus Asset Management was instructed on my appointment to undertake a valuation of the company's Plant & Machinery, Office Equipment and Stock.

Valuations that initially proved to be higher than those listed on the statement of affairs proved to be unrealisable. Upon a further inspection with a prospective purchaser it became apparent that the plant and machinery and office equipment that had been given a valuation totaling £ 530 were actually incomplete and unusable. This resulted in the items being abandoned on site on the advice of the agents.

A valuation of £1,800 was given to stock. However two reservation of title claims were received from the two main suppliers. On site visits from both creditors identified potentially all remaining stock subject to reservation of title claims. Protracted communication followed with the two parties and legal advice was sought regarding the terms and conditions that both creditor sought to rely upon. However both were ultimately rejected after the inability of each creditor to specifically match the stock remaining to original outstanding invoices.

Towards the end of 2015 the stock attracted a potential purchaser, however due to rodent and storage damage an offer of £1,000 was accepted which proved to be lower than the original stock valuation yet greater than that valued by the directors for the statement of affairs.

I and my staff have undertaken initial outstanding debt collections. One debt for £6,551 is considered to be uncollectable due to the company itself being insolvent.

The remaining debtor balance totaling £19,999 has continuously been disputed. A payment of £ 5,817.47 has been received to date however the remaining balance of £14,181 continues to be investigated and chased.

Numerous former employees raised queries regarding their former employment within the company. In addition a legal claim against the company for loss of hearing has also been received. My staff undertook the necessary investigations into the company records in attempt to provide responses. However a claim from the redundancy payments office in respect of total employee claims has yet to be received.

There is certain work that I am required by the insolvency legislation to undertake work in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my appointment as Liquidator is contained in Appendix 1.

RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the period from 6 May 2015 to 5 May 2016 is attached at Appendix 1

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

ASSETS

Plant & Machinery and Office Equipment

Plant and machinery and office equipment had book values of £663 and £157 respectively allowing for depreciation. As previously stated the Directors considered the items were old and held no realisable value per the statement of affairs.

Upon appointment I instructed Cerberus Asset Management a RICS qualified valuer to attend the site and undertake a valuation of the remaining assets and stock.

An ex situ valuation of £400 attributable to Plant and Machinery and £130 for Office Equipment was given.

However after instructing the agent to proceed to sell the items it became apparent after an interested party attended site to view the items, that several machines were incomplete and not in working order. The agent reassessed the situation and advised abandoning the items on site due to the low value of scrap and the associated costs to remove the items from the premises. All items were located on an upper floor and various parking restrictions were in place surrounding the premises.

The advice was agreed and all such assets were abandoned with no realisations achieved in respect of Plant and Machinery and Office Equipment.

In addition Cerberus Asset Management reviewed the disposal of several items of machinery sold to a related party in September 2014 prior to the company ceasing to trade. Confirmation was received that none of the assets were sold at an undervalue.

Stock

Stock was given an estimated to realise value of £500 by the directors for the statement of affairs. Cerberus Asset Management gave an ex situ valuation of £1,800 attributable to the stock.

As referred to above two separate creditors lodged reservation of title claims over items of stock that had been supplied by them. After on site attendance by both parties and various correspondences back and forth both claims were ultimately rejected.

The stock was sold to an independent third party for £1,000 Plus VAT. The realisation was lower than anticipated by the agents as they had provided a valuation of stock based upon the stock being clean and ready to use. The stock was in fact rodent damaged and the offer accepted allowed for the damage, transportation costs and the labour intensive sorting costs that would be required for any purchaser.

Debtors

Trade debtors totalled £26,549.26 of which only £19,998.67 was considered collectable. The difference of £6,551.29 was due from Cloverford (UK) Limited a company with common Directors and shareholders that was insolvent. An application for voluntary strike off of the company was filed at companies house on the 25 April 2016 with the first gazette advertisement dated 3 May 2016.

The remaining balance continues to be disputed of which only £5,817.47 has been received during the year. Investigations remain on going to recover the remaining balance of £14,181.20.

Other Assets

At the section 98 meeting creditors raised concerns regarding both stock and trading when insolvent and the repayment of the related party loan. Please refer to the investigation section of the report regarding these matters.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed a charge being a debenture created on the 13 September 1994 to NatWest Bank Plc.

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. In this case the floating charge was created prior to 15 September 2003 such that the prescribed part provisions do not apply.

Preferential Creditors

The statement of affairs anticipated £14,956.34 in preferential creditors. To date a claim has not yet been received from the Redundancy Payments Office.

Crown Creditors

The statement of affairs included £12,375.09 owed to HMRC. HMRC's interim integrated claim of £28,533.97 has been received. The claim has not yet been agreed.

Non-preferential unsecured Creditors

The statement of affairs included a further 25 non-preferential unsecured creditors with an estimated total liability of £534,512.62. I have received claims from 7 creditors at a total of £265,963.07. I have not received claims from 16 creditors with original estimated claims in the statement of affairs of £279,936.29. The highest of balances relate to Directors Loans outstanding of £72,799.50, Landlord arrears £15,100 and employee liabilities of £79,617.61.

DIVIDEND PROSPECTS

Any dividend is reliant upon the recovery of the outstanding disputed debtor, conclusion of continued investigations and any decision to take legal action against the directors and any resultant realisations.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, and the funds likely to be available to fund an investigation, and the costs involved.

In particular, I considered the following matters of concern raised by creditors -

Stock acquired and orders accepted at a time the company was trading insolvent

Detailed investigations have been undertaken to establish whether the company was trading insolvent and whether a potential wrongful trading claim could be brought against the directors of the company. A significant amount of transactional review work has been undertaken during the final period of trading to establish a point of insolvency. Evidence has been gathered and passed to solicitors after the reporting period to establish the prospects of commencing a successful legal action against the directors of the company.

The same creditor also raised concerns that a significant quantity of their stock had been identified at a site visit around the time the company ceased trading. However the stock had subsequently been sold to a third party prior to liquidation without ever being paid for. Investigations were instigated regarding the matter however a lack of supporting information to the allegation has resulted in no further action taken regarding the point raised.

The nature and repayment terms of the related party loan with Sardar Knitwear

In addition to the above, detailed transactional reviews have been undertaken and directors questioned in relation to the concerns raised by creditors as to the nature and the repayment terms of a connected party loan. The bill alleged to support a repayment of £45,000 shortly prior to the company ceasing to trade has never been identified. No formal written agreement appears to have ever existed. This along with other supporting documentation in relation to transactions involving the purchase ledger account and asset sales prior to liquidation, have also been passed to solicitors after the reporting period to establish whether a successful legal claim could be brought against the directors of the company.

Specifically, I recovered, listed and reviewed the Company's accounting records, obtained and reviewed copy bank statements for the 9 months prior to the Company ceasing to trade from the Company's bankers, obtained historic share valuations and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the liquidation and made enquiries about the reasons for the changes.

As detailed above, the results of my investigations have been passed to solicitors after the reporting period. To establish *prima facie* legal opinion on the potential risks, rewards, costs, and success of any legal action to be taken against the directors of the company.

Within six months of my appointment as Liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

PRE-APPOINTMENT REMUNERATION

The creditors previously authorised the payment of a fee of £3,000 plus VAT to be paid to Garratts Wolverhampton Limited, The company accountants for the preparation of the Statement of Affairs.

In addition the creditors previously authorised the payment of a fee of £2,500 plus VAT to be paid to Muias Baker Jones Limited for my assistance with preparing the statement of affairs and convening and holding the meeting of creditors at a meeting held on 6 May 2016.

The fee for preparing the statement of affairs and convening and holding the meeting of creditors is as yet unpaid as insufficient realisations have been made to date.

LIQUIDATOR'S REMUNERATION

My remuneration was previously authorised by the creditors at a meeting held on 6 May 2015 to be drawn on a time cost basis. My total time costs to 5 May 2016 amount to £23,704.30, representing 160.60 of hours work at an average charge out rate of £147.60 per hour.

I have drawn £2,000 during the year to 5 May 2016.

A summary of the hours and charging out rates are shown below.

	Hours	Hourly Rate
Partner	16.80	£265-£212
Senior Staff	143.80	£136-£105

A full analysis of the time incurred for both the final period since my last report and the full period of the liquidation, in accordance with the current version of Statement of Insolvency Practice are attached. Partner, Senior Staff and other staff hourly rates changed to £265, £136 and £48 respectively on 1 July 2015.

A schedule of my time costs incurred to date is attached as Appendix 2.

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/>

A copy of 'A Creditors Guide to Liquidators' Fees' published by the Association of Business Recovery Professionals is available at the link

<http://www.icaew.com/en/technical/insolvency/creditors-guides>

Please note that there are different versions of the Guidance Notes and in this case you should refer to the November 2011 version.

LIQUIDATORS' EXPENSES

I have incurred expenses to 5 May 2016 of £1,065.75. Of which I have drawn £799.80 during the year to the 5 May 2016.

I have incurred the following expenses in the period since my appointment as Liquidator.

Type of expense	Amount incurred/ accrued in the reporting period
Bond	£60.00
Statutory Advertising	£172.64
Photocopying	£7.05
Postage	£25.68
Corporation Tax	£0.58
Valuer / Auctioneer costs in relation to asset sales	£799.80

I have incurred the following category 2 disbursements in the period since my appointment as Liquidator.

Type of category 2 disbursement	Amount incurred/ accrued in the reporting period
Photocopying	£7.05

I have used the following agents or professional advisors in the reporting period

Professional Advisor	Nature of Work	Basis of Fees
Cerberus Asset Management	Valuer/Auctioneer	Time Costs

The choice of professionals 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 considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and are satisfied that they are reasonable in the circumstances of this case.

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 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 creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred within 8 weeks of 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 Muras Baker Jones Ltd including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.muras.co.uk/wp-content/uploads/2016/01/Information-requirement-of-the-Provision-of-Services-Regulations-2009-1.pdf>

SUMMARY

The Liquidation will remain open until debtor recoveries have been concluded and investigations in relation to potential legal action to be taken have been fully resolved. I estimate that this will take approximately 2 years 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 Mr Adrian Simcox on the above telephone number, or by email at enquiries@muras.co.uk



Mr Mark Jonathan Botwood
Liquidator

Appendix 1

1 Administration

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case
- Setting up physical case files
- Setting up the case on the practice's electronic case management system and entering data
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment
- Obtaining a specific penalty bond
- Convening and holding general meetings of creditors and members (as applicable)
- Dealing with all routine correspondence and emails relating to the case
- Opening, maintaining and managing the office holder's estate bank account
- Creating, maintaining and managing the office holder's cashbook
- 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 VAT returns
- Preparing and filing Corporation Tax returns

2 Creditors

- Obtaining information from the case records about employee claims
- Completing documentation for submission to the Redundancy Payments Office
- 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

3 Investigations

- Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act

Cloverford Limited T/A Clover Knitwear
(In Liquidation)
Liquidator's Abstract of Receipts & Payments
To 05/05/2016

S of A	ALL	ALL
ASSET REALISATIONS		
NIL	Plant & Machinery	NIL
NIL	Office Equipment	NIL
500 00	Stock (Note 1)	1,000 00
19,998 67	Debtor	5,817 47
NIL	Shares & Investments	NIL
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		<hr/>
		6,820 39
COST OF REALISATIONS		
	Liquidators Remuneration	2,000 00
	Agents Fees/Commission	799 80
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		(2,799 80)
PREFERENTIAL CREDITORS		
(14,956 34)	Employees Holiday Pay	NIL
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		NIL
FLOATING CHARGE CREDITORS		
(29,469 48)	Natwest Bank	NIL
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		NIL
UNSECURED CREDITORS		
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(72,799 50)	Directors	NIL
(15,100 00)	Landlord	NIL
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(100 00)	Inland Revenue C Tax	NIL
(3,830 08)	Revenue & Customs VAT	NIL
(25,187 83)	Sardar Knitwear	NIL
		<hr/>
		NIL
DISTRIBUTIONS		
(2 00)	Ordinary Shareholders	NIL
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(570,463.46)		4,020 59
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REPRESENTED BY		
	VAT Receivable	559 96
	Interest Bearing Current Account	3,460 63
		<hr/>
		4,020.59
		<hr/>

Mark Jonathan Botwood
Liquidator

Cloverford Limited T/A Clover Knitwear in CVL time analysis to 5 May 2016

HOURS RECORDED

Classification of Work Functions	Director	Senior Staff	Support Staff	Total Hours	Time Costs	Average hourly rate (£)
Administration & Planning	2 10	39 90		42 00	5,798 40	138 06
Investigations	7 00	63 80		70 80	10,531 80	148 75
Realisation of Assets	6 90	22 10		29 00	4,760 60	164 16
Creditors	0 80	18 00		18 80	2,613 50	139 02
Total Hours	16 80	143 80	0 00	160 60		
Total Fees Claimed (£)					23,704 30	147 60

MURAS BAKER JONES LIMITED

CHARGEOUT RATES AND DISBURSEMENT RECOVERY POLICIES

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 in general meeting, 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 <http://www.icaew.com/en/technical/insolvency/creditors-guides>. Alternatively a hard copy may be requested from Muras Baker Jones Limited, Regent House, Bath Avenue, Wolverhampton, WV1 4EG. 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.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to 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

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the firms charge out rates currently applicable to this appointment, exclusive of VAT, are as follows:

	Effective from 1 July 2015 £ per hour	Effective from 1 April 2014 to 30 June 2015 £ per hour
Business Recovery Director/Office Holders	265	250
Administrator	136	130
Office Admin Support	48	46

Chargeout rates are normally reviewed annually on 1 July when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. Time costs are charged in units of 6 minutes.

Each assignment includes active partner/office holder involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

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 chargeout rate for undertaking such work.

	Effective from 1 July 2015 £ per hour	Effective from 1 April 2014 to 30 June 2015 £ per hour
Tax Director	190	180
Assistant tax manager	98	95

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 Muras Baker Jones Limited, 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

Room Hire	£50
Mileage	45p per mile
Storage	£60 per box per annum
Photocopying	7 Sp per sheet

Direct expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate cost, with no uplift. These include but are not limited to

such items as case advertising, external office, storage, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case

Indirect expenses ("Category 2 Disbursements")

It is our normal practice to also charge the following indirect disbursements (Category 2 Disbursements as defined by SIP 9) to the case, where appropriate

Circulars to Creditors

Photocopying

Postage

7½p per copy
Actual cost

Room Hire

For the convenience of creditors and to save the cost of booking an outside room, meetings of creditors are occasionally held internally at our Wolverhampton office, a charge of £50 plus VAT is levied to cover the cost of booking the room

Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 45p per mile

Internal storage

It is our normal practice to store company/business books and records required for the administration purposes in our own office. Where the cost is not separately identifiable as a category 1 disbursement a charge of £60 per annum is levied being a charge in line with the costs charged by an external provider