

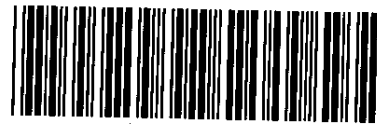
# LIQ03

## Notice of progress report in voluntary winding up



Companies House

SATURDAY



A14 \*A7YXKEYØ\*  
09/02/2019 #350  
COMPANIES HOUSE

### 1 Company details

Company number 02722136  
Company name in full Positive Clothing (London) Limited

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

### 2 Liquidator's name

Full forename(s) Deviesh Ramesh  
Surname Raikundalia

### 3 Liquidator's address

Building name/number 38 De Montfort Street  
Street Leicester  
Post town LE1 7GS  
County/Region  
Postcode  
Country

### 4 Liquidator's name ①

Full forename(s) Situl Devji  
Surname Raithatha

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

### 5 Liquidator's address ②

Building name/number 38 De Montfort Street  
Street Leicester  
Post town  
County/Region  
Postcode LE1 7GS  
Country

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

LIQ03

Notice of progress report in voluntary winding up

**6** Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7
To date	<sup>d</sup> 1	<sup>d</sup> 0	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8

**7** Progress report

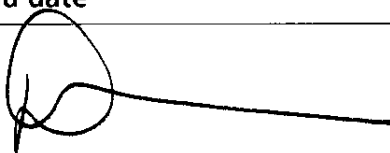
☒ The progress report is attached

**8** Sign and date

Liquidator's signature

Signature

X



X

Signature date

<sup>d</sup> 0	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9
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LIQ03

Notice of progress report in voluntary winding up



**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Deviesh Raikundalia
Company name	Springfields Advisory LLP
Address	38 De Montfort Street
	Leicester
Post town	LE1 7GS
County/Region	
Postcode	
Country	
DX	
Telephone	0116 299 4745



**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



**Important information**

**All information on this form will appear on the public record.**



**Where to send**

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Positive Clothing (London) Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 11/12/2017 To 10/12/2018 £	From 11/12/2014 To 10/12/2018 £
<b>TRANSFER FROM ADMINISTRATION</b>		
Transfer from Administration	NIL	483,771.52
	NIL	483,771.52
<b>ASSET REALISATIONS</b>		
Antecedent Transactions	NIL	1,470,000.00
Book Debts	NIL	15,341.68
Tax Refund	NIL	NIL
VAT from Admin	NIL	17,173.69
Interest on Settlement Funds	NIL	68,115.21
Bank Interest Gross	70.12	974.75
	70.12	1,571,605.33
<b>COST OF REALISATIONS</b>		
Legal Fees & Disbursements	NIL	178,153.54
Specific Penalty Bond	NIL	1,304.00
Adverse Cost Insurance	NIL	108,650.00
Transcription Costs	NIL	1,249.34
Meeting Room Hire	NIL	700.00
Joint Liquidators' Remuneration	NIL	360,000.00
Joint Administrator's Fee	NIL	35,756.00
Printing and Photocopying	NIL	1,634.00
Land Registry Fees	NIL	45.00
Agents/Valuers Fees	NIL	40.81
Computer Forensics	NIL	5,250.00
Courier Costs	NIL	198.44
Corporation Tax	16.01	187.37
Interviewee Expenses	NIL	855.40
Postage	83.69	174.64
Mileage	NIL	99.00
Storage Costs	NIL	1,911.78
Statutory Advertising	NIL	131.84
Tax Appeal Fees	NIL	500.00
Computer Data Recovery	NIL	3,400.00
Travelling expenses	NIL	1,710.01
Accountancy / tax costs	10,000.00	10,000.00
Bank Charges	NIL	12.50
	(10,099.70)	(711,963.67)
<b>PREFERENTIAL CREDITORS</b>		
Preferential Distribution (See Note 1)	NIL	20,458.70
	NIL	(20,458.70)
<b>UNSECURED CREDITORS</b>		
Unsecured Distribution (See Note 2)	NIL	1,188,853.84
	NIL	(1,188,853.84)
	<b>(10,029.58)</b>	<b>134,100.64</b>
<b>REPRESENTED BY</b>		
Current A/c - Bank 1		134,100.64
		<b>134,100.64</b>

Note:

**Positive Clothing (London) Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

**Statement  
of Affairs**  
**£**

**From 11/12/2017  
To 10/12/2018**  
**£**

**From 11/12/2014  
To 10/12/2018**  
**£**

**Note 1**

The preferential creditors were paid in full on 26 November 2015

**Note 2**

A First Dividend of 25p in the £ was declared and paid to the unsecured, non-preferential creditors on 26 November 2015. A Second dividend declared of 25p in the £ was declared on 27 January 2016 and paid to the unsecured, non preferential creditors on 28 January 2016

\_\_\_\_\_  
Deviesh Ramesh Raikundalia  
Joint Liquidator



**Private and Confidential**

TO ALL KNOWN CREDITORS  
AND SHAREHOLDERS

Our ref PO1563/DRR/SDR

Your ref

Date 8 February 2019

Dear Sirs

**Positive Clothing (London) Limited ("the Company") – In Creditors' Voluntary Liquidation**

This is my report to members and creditors following the fourth anniversary of my appointment as Joint Liquidator. This report should be read in conjunction with my previous progress reports

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 Deviesh Raikundalia by email at Deviesh r@springfields-uk.com, or by phone on 0115 697 5400

Yours faithfully  
For and on behalf of  
Positive Clothing (London) Limited

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a horizontal line.

**Devesh Ramesh Raikundalia**  
**JOINT LIQUIDATOR**

Enc.

[www.springfields-uk.com](http://www.springfields-uk.com)

Springfields Advisory LLP Merchants Court 21-23 Castle Gate Nottingham NG1 7AQ  
T 0115 697 5400 E [info@springfields-uk.com](mailto:info@springfields-uk.com)

Limited Liability Partnership Registered in England & Wales number OC404694 Registered office at 38 De Montfort Street, Leicester LE1 7GS Any reference to Partner means a member of the LLP All officeholders are licensed in the United Kingdom by the Association of Chartered Certified Accountants and are bound by the Insolvency Code of Ethics Details about our privacy policy and general information about the firm can be found at <https://www.springfields-uk.com/regulatory>



## **Positive Clothing (London) Limited – In Creditors' Voluntary Liquidation**

### **LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS**

**For the period 11 December 2017 to 10 December 2018 ("the Period")**

#### **EXECUTIVE SUMMARY**

*All known assets have been realised. I have instructed a firm of accountants to bring the Company's tax affairs up to date and this has almost been finalised. This has been undertaken to determine whether appropriate tax refunds can be claimed in respect of pre-Administration periods.*

The preferential creditors have been paid in full. Dividends totalling 50p in the £ have been paid to the unsecured, non-preferential creditors to date. I expect to be in a position to make a further distribution to creditors, although the timing and quantum of any distribution will depend on the level and timing of any tax refund received

#### **STATUTORY INFORMATION**

Company name	Positive Clothing (London) Limited
Registered office	38 De Montfort Street Leicester LE1 7GS
Former registered office:	20 Wells Mews London W1T 3HQ
Registered number	02722136
Joint Liquidators' names	Deviesh Ramesh Raikundalia and Situl Devji Raithatha and Situl Devji Raithatha
Joint Liquidators' address:	Merchants Court, 21-23 Castle Gate, Nottingham, NG1 7AQ & 38 De Montfort Street, Leicester, LE1 7GS, respectively
Joint Liquidators' date of appointment.	11 December 2014
Actions of Joint Liquidators'	Any act required or authorised under any enactment to be done by a Liquidator may be done by either or both of the Liquidators acting jointly or alone

#### **LIQUIDATORS' ACTIONS SINCE LAST REPORT**

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 as Joint Liquidator is contained in Appendix 2. Further details about the actions taken by the Liquidators are detailed throughout this report.

## **RECEIPTS AND PAYMENTS**

My Receipts & Payments Account for the Period is attached at Appendix 1

## **ASSETS**

### Tax Refund

It was agreed with the Liquidation Committee ("the Committee") that a firm of accountants would be instructed to bring the Company's tax affairs up-to-date in order to determine whether a tax refund could be claimed as a result of trading losses incurred prior to the Administration. Mark J Rees LLP were instructed in the previous period to undertake this work. The final VAT, PAYE and Corporation Tax returns have been submitted to HMRC, who have accepted the figures for VAT and Corporation Tax. Mark J Rees remain in correspondence with HMRC regarding the PAYE figures, which have not yet been agreed.

It is uncertain at this stage whether any refund will be received and I hope to report to creditors in further detail in due course. It is anticipated that the remaining tax matter will be concluded before the next anniversary.

## **LIABILITIES**

### Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company had granted various charges, which have been extensively detailed in previous reports. In summary, all charges had been discharged and released prior to the Company entering into Liquidation.

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 debt due to the chargeholder has already been discharged from fixed charge realisations and there is therefore no floating charge. These provisions will not apply.

### Preferential Creditors

The Statement of Affairs anticipated that there would be preferential claims of £24,700 in respect of payments made to employees under the Employment Rights Act 1996. A number of claims were received and forwarded to the Redundancy Payments Service ("RPS") for payment, subject to statutory limits.

Claims totalling £20,458.70 were identified. A distribution at a rate of 100p in the £ was made to the preferential creditors on 26 November 2015. No further distribution is anticipated to the preferential creditors.

### Crown Creditors

The statement of affairs included £302,355 owed to HMRC. HMRC's revised claim of £290,019 has been received. This is now only made up of PAYE and NIC liabilities relating to the final period prior to Administration. It is anticipated that HMRC will reverse this liability, leading to a possible refund, once all remaining PAYE/NIC matters have been concluded by Mark J Rees LLP. HMRC had previously confirmed that they do not have a claim in the Liquidation.



### Non-preferential unsecured Creditors

The statement of affairs included 61 non-preferential unsecured creditors with an estimated total liability of £2,367,733.33. I have received claims from 80 creditors at a total of £2,515,485.70. I have not received claims from 14 creditors with original estimated claims in the statement of affairs of £77,089.58. The increase in the claims received compared with those shown on the statement of affairs can be explained by the management accounts not having been updated prior to the date of Administration.

### **DIVIDEND PROSPECTS**

A First Dividend of 25p in the £ was declared and paid to non-preferential unsecured creditors on 26 November 2015. A Second Dividend of 25p in the £ was declared on 27 January 2016 to the same class of creditors. Total dividends of 50p in the £ have been paid to date in addition to the payments detailed earlier to the preferential creditors.

I expect to be in a position to make a further distribution to creditors. I am unable to estimate the timing and quantum at this stage as this will be subject to the level and timing of any tax refund received.

### **INVESTIGATION INTO THE AFFAIRS OF THE COMPANY**

No further investigatory issues arose in the Period.

### **LIQUIDATORS' REMUNERATION**

On 27 November 2014, the Committee agreed that the Joint Liquidator's remuneration should be on a time cost basis and my firm's costs would be drawn as and when authorised by the Committee. Please refer to the enclosed receipts and payments account for details of the amount drawn in the Period and as agreed with the Committee.

A schedule of my time costs incurred to date and in the period since 10 December 2016 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 R3 is available at the link <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>. Please note that there are different versions of the Guidance Notes, and in this case, you should refer to the November 2011 version. An explanatory note which shows Springfields Advisory LLP's fee policy is attached. A hard copy of both documents can be obtained on request from this office.

### **LIQUIDATORS' EXPENSES**

I enclose a schedule providing details of expenses incurred and paid in the Period. This also includes category 2 disbursements.

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

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Basis of Fees</b>
Mark J Rees LLP	Accountancy and tax	Fixed fee plus percentage on funds refunded from HMRC

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 am 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 Joint Liquidators' 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 Joint Liquidators as being excessive, and/or the basis of the Joint Liquidators' 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

As Insolvency Practitioners, when carrying out all professional work relating to an insolvency appointment, S D Raithatha and D R Raikundalia are bound by the Insolvency Code of Ethics, as well as by the regulations of our professional body. More details about these matters and general information about Springfields Advisory LLP that is of relevance can be found at <https://www.springfields-uk.com/regulatory>

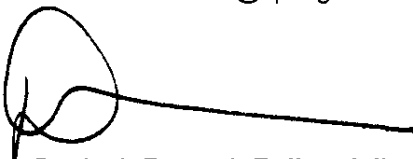
## **SUMMARY**

The Liquidation will remain open until I have determined whether there is a tax refund due to the Company and a final distribution is made to creditors I am unable to estimate when this will be at this stage.

## **DISCLAIMER**

This report has been prepared for the sole purpose of updating creditors and shareholders of the Company for information purposes to fulfil the necessary statutory requirements of the Liquidators. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, or otherwise used by creditors or shareholders for any purpose other than updating them for information purposes, or any other person for any purpose whatsoever.

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 Deviesh Raikundalia on 0115 697 5400, or by email at [deviesh\\_r@springfields-uk.com](mailto:deviesh_r@springfields-uk.com)

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a horizontal line extending to the right.

**Devesh Ramesh Raikundalia**  
**JOINT LIQUIDATOR**

**Positive Clothing (London) Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 11/12/2017 To 10/12/2018 £	From 11/12/2014 To 10/12/2018 £
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Accountancy / tax costs	10,000.00	10,000.00
Bank Charges	NIL	12.50
	(10,099.70)	(711,963.67)
PREFERENTIAL CREDITORS		
Preferential Distribution (See Note 1)	NIL	20,458.70
	NIL	(20,458.70)
UNSECURED CREDITORS		
Unsecured Distribution (See Note 2)	NIL	1,188,853.84
	NIL	(1,188,853.84)
	<b>(10,029.58)</b>	<b>134,100.64</b>
REPRESENTED BY		
Current A/c - Bank 1		134,100.64
		<b>134,100.64</b>

Note:

**Positive Clothing (London) Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

**Statement  
of Affairs  
£**

**From 11/12/2017  
To 10/12/2018  
£**

**From 11/12/2014  
To 10/12/2018  
£**

**Note 1**

The preferential creditors were paid in full on 26 November 2015.

**Note 2**

A First Dividend of 25p in the £ was declared and paid to the unsecured, non-preferential creditors on 26 November 2015. A Second dividend declared of 25p in the £ was declared on 27 January 2016 and paid to the unsecured, non-preferential creditors on 28 January 2016.

\_\_\_\_\_  
Deviesh Ramesh Raikundalia  
Joint Liquidator

## **Appendix 2**

1

### **Administration**

- Convening and holding general meetings of creditors and members, to include the Committee (as applicable)
- Dealing with all routine correspondence and emails relating to the case
- Maintaining and managing the office holder's estate bank account.
- 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 regular 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**

- 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, 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

# Time Entry - Cumulative Detailed SIP9 Time & Cost Summary

PO1563 - Positive Clothing (London) Limited  
From 11/12/2017 To 10/12/2018  
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Avg Hourly Rate (£)	Hours Cum (POST Only)	Time Costs Cum (POST Only)
** 100 Administration & Planning	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.10	3,566.00
101 Case Planning	0.00	0.00	0.40	0.00	0.40	78.00	195.00	36.80	6,531.00
** 102 Administrative set-up	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	1,330.00
** 103 Appointment Notification	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.40	573.00
104 Maintenance of Records	0.30	0.30	0.10	0.00	0.70	238.60	340.86	14.10	2,805.10
105 Statutory Reporting	0.00	0.90	0.00	0.00	0.90	240.30	267.00	10.80	3,353.30
106 VAT & Tax Returns	4.20	15.00	1.10	0.00	20.30	6,497.20	320.06	83.60	23,705.70
107 Case Monitoring	7.80	1.30	5.60	0.00	14.70	4,779.40	325.13	57.20	15,164.40
Administration & Planning	12.30	17.50	7.20	0.00	37.00	11,833.50	319.82	229.00	57,028.50
** 600 Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	126.00
** 602 Case Specific 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.90	1,635.00
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.70	1,761.00
** 500 Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.70	1,685.00
501 Communication	0.00	0.30	0.40	0.00	0.70	156.50	223.57	29.40	9,684.00
502 Claims inc emp. prefs	0.00	1.50	0.10	0.00	1.60	459.50	287.19	331.43	98,246.90
503 Report/secured creditor	0.00	0.00	0.60	0.00	0.60	102.00	170.00	0.60	102.00
** 504 Committee Reporting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61.90	21,212.00
** 505 Final Report	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.80	531.00
Creditors	0.00	1.80	1.10	0.00	2.90	718.00	247.59	433.83	131,460.90
** 200 Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	71.70	10,800.00
** 201 SIP 2 review	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70	105.00
** 202 CDDA reports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	44.40	8,460.00
** 203 Antecedant transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	542.90	171,807.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	659.70	191,172.00
** 301 Ident Sec Insuring	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	156.00
** 302 ROT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	48.00
** 303 Debt collection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.90	982.50
** 305 Legal matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.50	20,835.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	76.10	22,021.50
** 401 Management of operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	124.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	NAN	0.40	124.00
Total Hours	12.30	19.30	8.30	0.00	39.90	12,551.50	314.57	1,410.73	403,567.90

Total Fees Claimed

380,000.00

**Positive Clothing (London) Limited - In Creditors' Voluntary Liquidation**

**Details of expenses incurred and paid from 11 December 2017 to 10 December 2018 ("the Period")**

**Expenses**

<b>Type</b>	<b>Outstanding b/f (£)</b>	<b>Incurred in Period (£)</b>	<b>Paid in Period (£)</b>	<b>Outstanding c/f (£)</b>
Postage	-	83.69	83.69	-
Accountancy Fees	10,000.00	-	10,000.00	-
<b>TOTAL</b>	<b>10,000.00</b>	<b>83.69</b>	<b>10,083.69</b>	<b>-</b>

**Category 2 Disbursements**

<b>Type</b>	<b>Outstanding b/f (£)</b>	<b>Incurred in Period (£)</b>	<b>Paid in Period (£)</b>	<b>Outstanding c/f (£)</b>
Internal Photocopying & Printing	56.10	4.95	-	61.05
Storage Costs*	656.00	721.60	-	1,377.60
<b>TOTAL</b>	<b>712.10</b>	<b>726.55</b>	<b>-</b>	<b>1,438.65</b>

**Notes**

\* Please note that these costs continue to accrue and are billed periodically

**SPRINGFIELDS ADVISORY LLP**  
**PRACTICE FEE RECOVERY POLICY FOR INSOLVENCY APPOINTMENTS**

**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.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>. Alternatively a hard copy can be provided on request. 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.

**Charge-out Rates**

<b>Grade of staff</b>	<b>Current charge-out rate per hour, effective from 1 August 2018</b> £	<b>Previous charge-out rate per hour, effective from 1 August 2017</b> £
Partner	451	440
Manager	267-338	260-330
Administrator	154-226	150-220

Time is recorded in units of 6 minutes (prior to 08/01/2007 this was 15 minute units)



These charge-out rates charged are reviewed periodically 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 typically seek time costs for the following categories

- Investigations
- Creditors (other than distributions to creditors)
- 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.

In some instances where there is undue risk to the firm in recovering its standard hourly rates in full, typically as a consequence of the pursuit of causes of action where the outcomes are far from certain, or where there are considered to be undue risks associated with the conduct of an assignment, then approval for a percentage uplift on standard hourly rates may be sought. The percentage uplift sought will vary depending upon the circumstances of each case.

## **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 IVA's and CVA's 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 Springfields, 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, travel expenses 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:

Photocopying / printing	10p per sheet
Internal storage of books and records	Initial charge for intake £6 10 per box Storage. £0 40 per month per box in storage at month end
Internal storage of PC/IT equipment.	Storage £3 60 per month per item in storage at month end
Internal room hire	£100 per statutory meeting
Mileage (own car usage)	45p per mile