

# 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

03452791

Name of Company

APR Property Services Limited t/a Reiff & Co

I

Myles Jacobson, Streets SPW, Gable House, 239 Regents Park Road, London, N3 3LF

the liquidator of the company attach a copy of my Progress Report  
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 27/08/2015 to 26/08/2016

P. P

Signed



Date

26.10.16

Streets SPW  
Gable House  
239 Regents Park Road  
London  
N3 3LF

Ref A812/MJ/DD

FRIDAY



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28/10/2016

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COMPANIES HOUSE

**APR Property Services Limited t/a Reiff & Co**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**

<b>Statement of Affairs</b>		<b>From 27/08/2015 To 26/08/2016</b>
	<b>ASSET REALISATIONS</b>	
Uncertain	Rent Deposit/Leasehold Interest	NIL
560 00	Book Debts	120 00
	Insurance Refund	179 54
141 60	Cash at Bank	57 36
68,935 79	Solicitors' Client Account	68,935 79
4,167 95	Balance of Sale Proceeds	3,417 95
40,000 00	Retention Monies	NIL
	Bank Interest Gross	78 29
	3rd Party Funds	71 21
	Rates Refund	624 71
		<u>73,484 85</u>
	<b>COST OF REALISATIONS</b>	
	Specific Bond	460 00
	Liquidator's Fees	15,500 00
	Reimbursement of 3rd Party Funds	71 21
	Agents' Fees	1,750 00
	Professional Fees - ERA work	17 50
	Legal Fees	6,624 00
	Legal Disbursements	452 00
	Storage Costs	10 00
	Re-Direction of Mail	160 00
	Statutory Advertising	239 70
		<u>(25,284 41)</u>
	<b>PREFERENTIAL CREDITORS</b>	
Uncertain	Employees' Wage Arrears & Holiday Pay	NIL
		<u>NIL</u>
	<b>UNSECURED CREDITORS</b>	
(30,382 12)	Trade & Expense Creditors	1,173 72
Uncertain	Employees' Wage Arrears & Notice/Re	NIL
(1 00)	Nationwide Building Society	40,000 00
(17,307 76)	HM Revenue & Customs - PAYE/NIC	1,034 49
(19,251 68)	HM Revenue & Customs - VAT	787 78
		<u>(42,995 99)</u>
	<b>DISTRIBUTIONS</b>	
(1,000 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>45,862.78</u>		<u><u>5,204.45</u></u>
	<b>REPRESENTED BY</b>	
	Interest Bearing Estate Account	5,204 45
		<u><u>5,204 45</u></u>

**APR Property Services Limited t/a Reiff & Co - In Creditors' Voluntary Liquidation  
Liquidator's Progress Report to Members and Creditors  
for the Year Ended 26 August 2016**

**STATUTORY INFORMATION**

Company name	APR Property Services Limited t/a Reiff & Co
Registered office	Gable House 239 Regents Park Road London N3 3LF
Former registered office	2nd Floor Hygeia House 66 College Road Harrow Middlesex HA1 1BE
Registered number	03452791
Liquidator's name	Myles Jacobson
Liquidator's address	Gable House 239 Regents Park Road London N3 3LF
Liquidator's date of appointment	27 August 2015

**LIQUIDATOR'S ACTIONS SINCE APPOINTMENT**

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 appointment as liquidator is contained in Appendix 1.

**RECEIPTS AND PAYMENTS ACCOUNT**

My receipts and payments account for the period from 27 August 2015 to 26 August 2016 is attached.

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

**ASSETS**

On 28 April 2015, the directors instructed independent insolvency valuation agents, Williams and Partners Ltd ("W&P") to carry out a valuation of the company's business and assets and a full marketing campaign. W&P's report valued the business at £500-£600 on a forced sale basis and £27,500-£33,000 on a willing buyer basis. W&P advised that following their valuation, it became clear that the value of the business would be greater if sold as a going concern to a third party, however only with the involvement of the directors who were key to retaining any value, due to the personal relationships between them and the company's clients. Contact was made by W&P with a number of commercial property agents and meetings were held resulting in offers from 3 interested parties. After careful consideration of the offers, the directors accepted the offer of £160,000 from Robert Irving Burns Limited ("RIB") for the purchase of the business/certain assets based on the fact that the directors believed that this company was best placed to manage the portfolio of properties and this represented a fair offer in W&P's opinion. The sale to RIB completed by way of a sale and purchase agreement on 17 July 2015 with an effective date of sale of 24 June 2015.

**Rent Deposit/Leasehold Interest**

The statement of affairs showed a rent deposit/leasehold interest with an uncertain estimated to realise value since the landlord was holding a rent deposit of £5,124 which was likely to be offset against a dilapidations claim. It was also uncertain as to whether a premium could be achieved with regard to a sale of the lease and agents would be instructed to determine this.

Following my appointment, I instructed solicitors to review the schedule of dilapidations and the rent deposit account and to advise on the validity of the forfeiture of the lease on 11 September 2015. The advice given was that the right to forfeit was validly issued as the primary ground for forfeiting was the failure to top up the rent deposit. It was further advised that the losses claimed in the schedule of dilapidations were in accordance with the terms of the lease and that the rent deposit deed allowed the landlord to retain those funds towards the dilapidations. Accordingly, the loss of the rent deposit was not challengeable.

I also instructed independent valuation and insolvency agents, Ashwells Nationwide Services Limited ("Ashwells"), to carry out a valuation of the lease following forfeiture and to advise whether a premium could be achieved. It was advised that no premium would be attributable to the lease as the rent appeared to be commensurate with other similar properties in the surrounding area.

**Book Debts**

The company had debtors which were expected to realise £560.

I wrote to all of the company's debtors in order to recover the sums due. The largest debt of £4,000 was incorrectly included on the debtor schedule at the date of liquidation since it was subsequently confirmed by one of the directors that the work had not been completed. Therefore this debt was written-off. Another debtor confirmed that they had made full payment directly into the company's bank account prior to liquidation, which has been verified.

£120 has been received and the remaining debts totalling £600 have been written-off as they are uneconomical to pursue.

Insurance Refund

A refund of £180 has been received for the unexpired period of the company's insurance policy

Cash at Bank

I have received £57 relating to the credit balance held on the company's bank account with The Royal Bank of Scotland Plc ("RBS")

Solicitors' Client Account

The statement of affairs ascribed an estimated to realise value of £68,936 to the sale proceeds held on the solicitors' client account

Following my appointment, these funds were transferred to the liquidation account

Balance of Sale Proceeds

The statement of affairs showed an estimated to realise value of £4,168 in respect of monies due from RIB as reimbursement for expenditure paid for by the company during the period on and after the date of completion £3,418 has been received and reconciled and no further funds are expected in this regard

Retention Monies

The statement of affairs anticipated £40,000 due to the company in relation to monies which were to be held in an escrow account for 12 months following the sale of the business as security against any breach of warranty claims made by RIB against the company £40,000 has been received since the end of the reporting period

Gross Bank Interest

Bank interest of £78 has been earned on credit funds held in the liquidation account

3<sup>rd</sup> Party Funds

£71 was received from RBS in relation to 3<sup>rd</sup> party funds pertaining to former tenant deposit accounts, which have been returned

Rates Refund

A rates refund of £625 has been realised

**LIABILITIES**Secured Creditors

An examination of the company's mortgage register held by the Registrar of Companies, showed that the company has granted the following charges -

A debenture granted in favour of RBS was created on 20 February 2006 and duly registered at Companies House on 22 February 2006

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 charge was satisfied on 11 August 2015 and therefore the prescribed part provision will not apply.

Preferential Creditors

The statement of affairs showed preferential creditors as uncertain since the claims relating to arrears of wages and holiday pay were yet to be established. Claims totalling £1,600 have been received.

Crown Creditors

The statement of affairs included £36,559 owed to HM Revenue & Customs ("HMRC"). HMRC's final claim of £69,418 has been received. This is higher than anticipated as the VAT return for the quarter ended 30 June 2015 has not yet been submitted as I do not hold sufficient records to complete it and therefore HMRC's VAT claim is based upon an assessment for that period. HMRC's claim also includes PAYE/NIC of £10,489 for the 2014/2015 tax year which was not included in the statement of affairs figure.

Unsecured Creditors

The statement of affairs included 14 unsecured creditors with an estimated total liability of £30,383. I have received claims from 10 creditors (including 3 that did not form part of the statement of affairs) at a total of £1,604,725. I have not received claims from 7 creditors with original estimated claims in the statement of affairs of £5,398. Nationwide Building Society ("Nationwide") have submitted a claim for £1,523,774, which was stated as £1 for the purposes of the statement of affairs. Nationwide's claim previously stood at £1,906,777 and if judgment was obtained it could have been in excess of £2,000,000 once legal costs had been included. On 3 November 2015, it was ordered that Nationwide should notify the court in writing by 30 November 2015 whether they wished to prosecute the action to trial or request a stay in proceedings. Since I did not intend to defend their claim or be present at court, a stay in proceedings was granted whilst I sought legal advice. Nationwide proposed an offer of £40,000 in full and final settlement and I instructed solicitors to advise whether this offer should be accepted and would be in the best interests of creditors. Following legal advice received, it was agreed with Nationwide that they would receive a dividend of £40,000 by 31 March 2016 in full and final settlement of their claim and that they would waive their right to any future dividend. As a result, total creditor claims have been diluted and the remaining creditors have received a higher distribution than they would have done if judgment had been obtained and Nationwide's claim agreed in full.

## **DIVIDEND PROSPECTS**

### **Preferential Creditors**

Subsequent to the reporting period, on 13 October 2016 a dividend of £1,600 representing 100p in the £ was paid to preferential creditors. The first dividend was declared to unsecured creditors on 30 March 2016. At this time the employees and the Redundancy Payments Office had not yet submitted claims in the liquidation and therefore the preferential element of their anticipated claims was provided for.

### **Unsecured Creditors**

On 30 March 2016 a first interim dividend of £42,996 representing 2.63p (to 2 decimal places) in the £ was paid to unsecured creditors. A catch-up dividend will shortly be paid to the employees and the Redundancy Payments Office in respect of the unsecured element of their claims which had not been submitted at the time of declaration, but which was provided for.

I anticipate paying a second and final dividend to unsecured creditors in the near future. If you have not already submitted a proof of debt, please complete the enclosed form and return it to me, together with the relevant supporting documentation.

## **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, the funds likely to be available to fund an investigation, and the costs involved. Specifically, I recovered, listed and reviewed the company's accounting records, obtained and reviewed copy bank statements for the 24 months prior to the company ceasing to trade from the company's bankers, and compared the information in the company's last set of accounts with that contained in the statement of affairs lodged in the liquidation.

I instructed Ashwells to review the valuation report prepared by W&P and give an independent opinion of the valuation and realisation achieved. Ashwells advised that although W&P's valuation was fairly comprehensive, it was calculated without correctly researching the value of the business on a willing buyer basis i.e. without a full marketing campaign, and was therefore underestimated. However, as mentioned above, after carrying out their valuation, W&P subsequently realised that the value of the business would be greater with the retained involvement of the directors. With regard to the realisation achieved, Ashwells advised that the sale was acceptable and the best achievable given the circumstances. I therefore concluded that the sale was conducted at arm's length for market value and represented the best deal for creditors.

Following a review of the company's bank statements and financial records, it came to light that there was an overdrawn director's loan account which required further investigation and my enquiries are ongoing.

Within six months of my appointment as liquidator, I was required to submit a confidential return or 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 him/her unfit to be concerned with the management of the company. I would confirm that my report has been submitted.

## **PRE-APPOINTMENT REMUNERATION**

The board previously authorised the payment of a fee of £6,000 plus VAT for my assistance with preparing the statement of affairs and convening and holding the meeting of creditors at a meeting held on 4 August 2015. The fee for preparing the statement of affairs and convening and holding the meeting of creditors was paid pre-appointment from the sale proceeds held on a solicitors' client account.

## **LIQUIDATOR'S REMUNERATION**

My remuneration was previously authorised by creditors at a meeting held on 27 August 2015 to be drawn on a time cost basis. My total time costs to 26 August 2016 amount to £26,280 representing 117.10 hours of work at an average charge-out rate of £224.42 per hour.

I have drawn £15,500 to 26 August 2016.

A schedule of my time costs incurred to 26 August 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.streetsspw.co.uk/creditors-guides>. A copy of 'A Creditors' Guide to Liquidators' Fees' also published by R3 may be found at [http://www.streetsspw.co.uk/sites/www.streetsspw.co.uk/files/documents/guide to liquidators fees oct 2015 pdf](http://www.streetsspw.co.uk/sites/www.streetsspw.co.uk/files/documents/guide%20to%20liquidators%20fees%20oct%202015.pdf). Enclosed is an explanatory note which shows Streets SPW's practice fee recovery policy.

## **LIQUIDATOR'S EXPENSES**

I have incurred expenses to 26 August 2016 of £9,724.

I have drawn £9,714 to 26 August 2016.

I have incurred the following expenses in the period since my appointment as liquidator:

<b>Type of expense</b>	<b>Amount incurred/accrued in the reporting period</b>
Agents' Fees	£1,750
Legal Disbursements	£452
Legal Fees	£6,624
Professional Fees - ERA Work	£18
Re-Direction of Mail	£160
Specific Bond	£460
Statutory Advertising	£240

I have incurred the following category 2 disbursements since my appointment as liquidator

Type of category 2 disbursement	Amount incurred/accrued in the reporting period
Storage Costs	£20

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

Professional Advisor	Nature of Work	Basis of Fees
Ashwells Nationwide Services Limited	Reviewing the valuation prepared by W&P and the sale agreement and providing advice thereon Review of the property lease	Fixed fee
Gordon Dadds Solicitors	Legal advice in connection with reviewing Nationwide's claim and agreeing a full and final settlement	Time costs
Kathy Hodges	ERA work - uploading RP14 and RP14A	Time costs
OGR Stock Denton Solicitors	Legal advice in relation to reviewing the lease, rent deposit deed and schedule of dilapidations	Time costs
Philip Ross Solicitors	Chasing payment of the balance of sale proceeds and retention monies	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 am satisfied that they are reasonable in the circumstances of this case

Gordon Dadds Solicitors were instructed to review Nationwide's court claim and provide advice on accepting their proposal of £40,000 in full and final settlement thereof, which included reviewing all correspondence between my firm and the solicitors acting on behalf of Nationwide and the solicitors acting on behalf of the company

## **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 Streets SPW can be found in the attached summary sheet.

### **SUMMARY**

The liquidation will remain open until a second and final dividend has been declared to unsecured creditors. I estimate that this will take approximately 3-6 months and once resolved the liquidation will be finalised and my 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 Danielle Dantis on the above telephone number, or by email at [danielle@spwca.com](mailto:danielle@spwca.com)

A handwritten signature in black ink, appearing to read 'M. Jacobson', with a horizontal line underneath it.

**M. Jacobson**  
**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/electronic 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
- 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 and filing VAT 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
- 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

**3     Investigations**

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

**Appendix 2**

A schedule of my time costs incurred to 26 August 2016 is shown below -

	<u>Hours</u>				
<b>Classification of Work</b>	<b>Partner</b>	<b>Other Senior Professionals</b>	<b>Total Hours</b>	<b>Time Cost (£)</b>	<b>Average Hourly Rate (£)</b>
Administration and Planning	14 00	40 00	54 00	11,802 50	218 56
Creditors	11 20	19 40	30 60	7,675 00	250 82
Investigations	2 70	12 00	14 70	3,030 00	206 12
Realisation of Assets	3 60	14 20	17 80	3,772 50	211 94
<b>Total</b>	<b>31.50</b>	<b>85.60</b>	<b>117.10</b>	<b>26,280.00</b>	<b>224.42</b>

**APR Property Services Limited t/a Reiff & Co**  
**(In Liquidation)**  
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(19,251 68)	HM Revenue & Customs - VAT	787 78
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(1,000 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>45,862 78</u>		<u>5,204 45</u>
<b>REPRESENTED BY</b>		
	Interest Bearing Estate Account	5,204 45
		<u>5,204 45</u>

## **PROVISION OF SERVICES REGULATIONS SUMMARY SHEET FOR STREETS SPW**

The following information is designed to draw the attention of interested parties to the information required to be disclosed by the Provision of Services Regulations 2009

### **Licensing Body**

Stella Davis, Myles Jacobson and Harold Sorsky are members of the Association of Chartered Certified Accountants ("ACCA")

Streets SPW is a member of the Institute of Chartered Accountants in England and Wales ("ICAEW")

### **Rules Governing Actions**

All insolvency practitioners ("IPs") are bound by the rules of their professional body, including any that relate specifically to insolvency. The rules of the professional body that licences Stella Davis, Myles Jacobson and Harold Sorsky can be found at

[http://www.accaglobal.com/content/dam/ACCA\\_Global/Members/Doc/rule/acca-rulebook-2015.pdf](http://www.accaglobal.com/content/dam/ACCA_Global/Members/Doc/rule/acca-rulebook-2015.pdf)

In addition, IPs are bound by the Statements of Insolvency Practice (SIPs), details of which can be found at <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>

### **Ethics**

All IPs are required to comply with the Insolvency Code of Ethics and a copy of the Code can be found at

<http://www.accaglobal.com/gb/en/member/professional-standards/monitoring/insolvency/code-ethics.html>

### **Complaints**

At Streets SPW we always strive to provide a professional and efficient service. However, we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of a particular case then in the first instance you should contact the IP acting as office holder.

If you consider that the IP has not dealt with your comments or complaint appropriately you should then put details of your concerns in writing to our complaints officer, Mr Shirish Shah of SPW (UK) LLP at Gable House, 239 Regents Park Road, London N3 3LF. This will then formally invoke our complaints procedure and we will endeavour to deal with your complaint under the supervision of a senior partner unconnected with the appointment.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at [www.gov.uk/complain-about-insolvency-practitioner](http://www.gov.uk/complain-about-insolvency-practitioner), or you can email [insolvency.enquiryline@insolvency.gsi.gov.uk](mailto:insolvency.enquiryline@insolvency.gsi.gov.uk), or you may phone 0300 678 0015 - calls are charged at up to 12p per minute from a land line, or for mobiles, between 3p and 45p per minute if you are calling from the UK.

**Professional Indemnity Insurance**

Street SPW's Professional Indemnity Insurance is provided by Nexus Underwriting Limited, 150 Leadenhall Street, London, EC3V 4QT and the territorial scope of the cover is the United Kingdom

**VAT**

Streets SPW is registered for VAT under registration no 125 4271 36

# STREETS | SPW

## Licensed Insolvency Practitioners

### Practice Fee Recovery Policy for Streets SPW

#### 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 [www.streetsspw.co.uk/creditors-guides](http://www.streetsspw.co.uk/creditors-guides). 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 [www.streetsspw.co.uk/creditors-guides](http://www.streetsspw.co.uk/creditors-guides). Alternatively a hard copy may be requested from Streets SPW, Gable House, 239 Regents Park Road, London N3 3LF. 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 the 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.

#### Streets SPW charge-out rates

Grade of Staff	Current charge-out per hour (£) effective from 1 February 2016	Previous charge-out per hour (£) effective from 1 January 2015
Partner (appointment-taker)	400-500	400-500
Manager	250	250
Assistant manager	200	-
Administrator (all levels)	175	150
Assistants & support staff	100	90

Where necessary and appropriate, members of staff from SPW (UK) LLP, a connected accountancy and tax practice of which Streets SPW is a trading name in respect of insolvency work undertaken by the LLP, will undertake work on a case on either a time cost (charged at their normal charge-out rate) or fixed fee basis.

## SPW (UK) LLP charge-out rates

Grade of staff	Current charge-out rate per hour (£) effective from 1 January 2015
Partner	275
Associate	175
Manager	150
Senior	105
Semi-senior	65
Junior	45

These charge-out rates charged are reviewed on 1 January each year and are adjusted to take account of inflation and the firm's overheads. No increase has been applied to SPW (UK) LLP's rates since 1 January 2015.

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. Each unit of time is 6 minutes. The work is recorded under the following categories -

- Administration and Planning
- Case Specific Matters
- Creditors
- Investigations
- Realisation of Assets
- Trading

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 may seek time costs for all categories.

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 Streets SPW, 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	£100
Mileage	45p per mile
Storage	£10 per box per 6 months
Photocopying	15p per sheet