

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

03948266

Name of Company

M & E Group Limited

I / We

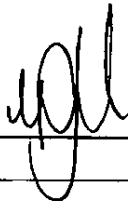
Adam Peter Jordan
Bridge House
Riverside North
Bewdley
Worcestershire
DY12 1AB

Nickolas Garth Rimes
Bridge House
Riverside North
Bewdley
Worcestershire
DY12 1AB

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 17/07/2012 to 16/07/2013

Signed



Date

8/8/13

Rimes & Co
Bridge House
Riverside North
Bewdley
Worcestershire
DY12 1AB

Ref MAND0820/AJ/NR/RB/AM

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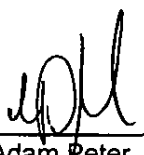
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COMPANIES HOUSE

M & E Group Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 17/07/2012 To 16/07/2013
	ASSET REALISATIONS	
	VAT Refund	5,102 14
7,261 00	Funds Held On Trust	7,260 87
	Bank Interest Gross	3 14
504 00	Cash In Hand	503 98
		<u>12,870 13</u>
	COST OF REALISATIONS	
	Specific Bond	40 00
	Preparation of S of A	2,947 50
	Joint Liquidators' Remuneration	6,196 15
	Joint Liquidators' Disbursements Cat 1	126 14
	Accountants fees	1,966 35
	Legal Fees (1)	725 50
	Storage Costs	651 49
	Statutory Advertising	202 00
	Bank Euro Transfer Fee	15 00
		<u>(12,870 13)</u>
	UNSECURED CREDITORS	
(12,363 00)	M & E Europe Limited	<u>NIL</u>
		NIL
	DISTRIBUTIONS	
(500 00)	Ordinary Shareholders	<u>NIL</u>
		NIL
<u>(5,098.00)</u>		<u><u>(0.00)</u></u>
	REPRESENTED BY	
		<u>NIL</u>


 Adam Peter Jordan
 Joint Liquidator

RIMES & CO

Licensed Insolvency Practitioners

**PRIVATE & CONFIDENTIAL
TO MEMBERS AND ALL KNOWN CREDITORS**

Our Ref MAND0820/NR/AJ/AM/Z

8 August 2013

Dear Sir(s)

M & E Group Limited - In Liquidation

Registered Number: 03948266

Registered Office: As Bewdley address below

Further to our appointment as Joint Liquidators of the company on 17 July 2012 we are writing to provide our first progress report on the administration of the estate, in accordance with Section 104A of the Insolvency Act 1986, (as amended) ("the Act") and Rule 4.49C of the Insolvency Rules (as amended) ("the Rules")

Throughout the Liquidation, the Joint Liquidators have acted jointly and severally

The Joint Liquidators' Abstract of Receipts and Payments for the year to 16 July 2013 showing asset realisations in the Liquidation and how they have been disbursed, is enclosed at **Appendix A**. At all material times, funds have been held in an interest bearing account

RECEIPTS

Funds held on Trust

At the date of our appointment, as shown in the Director's Statement of Affairs, there was £7,260.87 of company funds held in our client account pending the Liquidation of the company. These funds were transferred to the Liquidation bank account following our appointment.

Cash In Hand

At the date of appointment we were holding the sum of £503.98 which represented a partial VAT refund.

VAT Refund

The sum of £5,102.14 was received following our appointment which represents a repayment from HM Revenue & Customs in respect of final VAT refund.

Bridge House, Riverside North, Bewdley DY12 1AB

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Email info@rimesandco.co.uk | Website www.rimesandco.co.uk

Also at 1 Brassey Road, Old Potts Way, Shrewsbury SY3 7FA

NIG Rimes MABRP is licensed to act as an Insolvency Practitioner by The Secretary of State for Trade and Industry

A.P. Jordan MABRP MIPA is licensed to act as an Insolvency Practitioner by the Insolvency Practitioners Association

Rimes & Co is the trading name of Rimes & Co Limited registered in England and Wales under no. 06852450 whose registered office is Birch House, Harris Business Park, Bromsgrove B60 4DJ



Bank Interest

Liquidation funds have been held in an interest bearing account and £3 14 has been received gross of taxation

All known assets have been realised and no further recoveries are anticipated

INVESTIGATIONS

We have submitted our statutory report to the Department of Business, Innovation and Skills on the conduct of the Directors in accordance with the Insolvent Companies (Report on Conduct of Directors) Rules 1996 and the Company Directors Disqualification Act 1986. The content of this report is, however, strictly private and confidential.

We also have a duty to investigate the extent of the company's assets, including potential claims against third parties including the Directors and to report our findings to creditors, subject to considerations of privilege and confidentiality and whether those investigations and/or any potential litigation might be compromised.

Our preliminary assessment of the conduct of the company's affairs by the Directors prior to our appointment did not reveal any matters that it was in the interests of creditors for us to pursue. Accordingly, we did not conduct any further, more detailed investigations.

OUTCOME FOR CREDITORS

Secured Creditors and the Prescribed Part

Section 176A of the Act provides that where a company has created a floating charge after 15 September 2003, the Liquidator must make a Prescribed Part of the company's net property available for the unsecured creditors. Net property means the amount that would, if not for this section of the Act, be available for distribution to a floating charge holder out of floating charge assets.

There are no secured creditors. Accordingly the Prescribed Part provisions of the Act whereby a proportion of funds due to a Qualifying Floating Chargeholder has to be set aside for the benefit of unsecured creditors do not apply to the company.

Preferential Creditors

There were no preferential claims identified in the Director's Estimated Statement of Affairs and no preferential claims have been received during the Liquidation.

Unsecured Creditors

Assets realised have been utilised fully in contributing towards defraying the administrative costs of the Liquidation.

Accordingly, formal notice was given on 16 June 2013 that, in accordance with Rules 4.186 and Rule 11.7 of the Rules, no funds would become available to enable any form of distribution to be made to preferential and unsecured creditors.

Basis of remuneration and disbursements

At the initial meeting of creditors held pursuant to Section 98 of the Act on 17 July 2012 it was resolved that the Joint Liquidators would be remunerated by reference to time properly spent in dealing with this matter at the firm's standard charge out rates, and that disbursements would be drawn in accordance with the firm's standard tariff,

Since the original approval of the basis of remuneration there has not been a change to the firms charge out rates and disbursement tariff, a copy of this is attached at **Appendix B**

Remuneration charged and drawn

Time costs to 16 July 2013 amount to £7,517 50 which represents 47 10 hours at an average hourly rate of £159 61

A breakdown of these time costs is attached at **Appendix C** We are required to provide the information in this format by Statement of Insolvency Practice 9

Creditors will note from the Receipts and Payments Account that we have drawn the sum of £6,196 15 on account of these costs. All outstanding and future time costs to be incurred will have to be written off

Disbursements charged and drawn

Details of disbursements charged and drawn are given in **Appendix D**

Category 1 disbursements are in respect of expenses that were directly attributable to the case. Category 2 disbursements required specific authorisation and consist of disbursements that are not specifically identifiable to the case.

Funds available have been used to reimburse Category 1 disbursements incurred, however, we have not drawn any of our other disbursements and any further disbursements to be incurred will be absorbed by Rimes & Co

Expenses charged and drawn

Details of expenses charged and drawn are also given in **Appendix D**

We comment specifically that at the first meeting of creditors held on 17 July 2012 it was resolved that the fees and disbursements of Rimes & Co for assisting the Director in convening the statutory meetings to place the company into Liquidation, and for assistance in preparing the Statement of Affairs, would be a set fee of £5,000 plus disbursements and VAT and would be paid out of the assets of the Company.

This fee has been restricted to £2,947 50 representing the time costs actually incurred. No funds have been drawn in respect of pre-Liquidation disbursements.

Creditors' Guide to Fees and statement of creditors' rights

If you require further information relating to the Joint Liquidators' remuneration, expenses and disbursements please see **Appendix E**. This also gives details of your rights as a creditor in this regard.

RIMES & CO

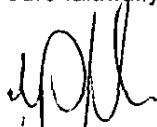
Licensed Insolvency Practitioners

MATTERS OUTSTANDING

The only outstanding matter in the Liquidation is closing formalities and accordingly we anticipate being able to issue our draft final report to members and creditors within the next month

If you require any further information, please do not hesitate to contact Ansar Mahmood on 01299 406355 or at the above address

Yours faithfully



A P Jordan
Joint Liquidator

M & E Group Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Appendix A

Statement of Affairs		From 17/07/2012 To 16/07/2013	From 17/07/2012 To 16/07/2013
	ASSET REALISATIONS		
	VAT Refund	5,102 14	5,102 14
7,261 00	Funds Held On Trust	7,260 87	7,260 87
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	COST OF REALISATIONS		
	Specific Bond	40 00	40 00
	Preparation of S of A	2,947 50	2,947 50
	Joint Liquidators' Remuneration	6,196 15	6,196 15
	Joint Liquidators' Disbursements Cat 1	126 14	126 14
	Accountants fees	1,966 35	1,966 35
	Legal Fees (1)	725 50	725 50
	Storage Costs	651 49	651 49
	Statutory Advertising	202 00	202 00
	Bank Euro Transfer Fee	15 00	15 00
		<u>(12,870 13)</u>	<u>(12,870 13)</u>
	UNSECURED CREDITORS		
(12,363 00)	M & E Europe Limited	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	DISTRIBUTIONS		
(500 00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(5,098.00)</u>		<u>(0.00)</u>	<u>(0 00)</u>
	REPRESENTED BY		
			<u>NIL</u>

M & E Group Limited - In Creditors' Voluntary Liquidation

Guidance for creditors on charge out rates and allocated disbursements

Charge out rates

It is anticipated that the following grades of personnel will work on this case. Their current charge-out rates are set out below.

Grade of personnel	Hourly charge out rate (£)
Partner	275 - 325
Manager	220 - 275
Administrator	110 - 150
Cashiering & Secretarial	50 - 110

Time is charged in units of 6 minutes. In common with other professional firms, our charge-out rates increase from time to time over the period of administration of a case. Subcontractors, if used, will be recharged at cost.

Allocated disbursements

Details of the proposed charges for which approval is required are set out below.

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned (members' and creditors' meetings on the same day treated as one meeting)
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 15p per page
- Envelopes for all circulars to creditors are re-charged to the case at 20p per C4 window envelope
- Business rate mileage, at a cost of between 40p and 80p per mile in relation to the running costs of different classes of vehicle

It should be noted that the above costs might increase from time to time. However, this would only be as a result of inflationary increases or in line with increases from my suppliers.

Rimes & Co

M & E Group Limited - In Liquidation

Appendix C

SIP 9 - Time & Cost Summary
Period 17 July 2012 to 16 July 2013

Time Summary

Classification of work function	Hours			Total Hours	Time Costs £	Avg hourly rate £
	Partner	Manager	Administrator			
Admin & Planning	2 40	1 50	19 80	23 70	3,697 50	141 00
Taxation	0 00	0 00	0 90	0 90	105 00	116 67
Investigations	2 70	0 00	9 00	11 70	2,095 00	179 06
Realisation of Assets	0 00	0 00	2 00	2 00	260 00	130 00
Employee Claims	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 80	0 00	8 00	8 80	1,360 00	154 45
Statutory Reporting	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	5 90	1 50	39 70	47 10		
Total Time Costs (£)	1,897 50	330 00	5,290 00		7,517 50	
Average Hourly Rate by Grade (£)	321 61	220 00	133 25			159 61

Joint Liquidators' disbursements and expenses to 16 July 2013

Disbursements incurred and paid

	Incurred £	Unpaid £	Paid £
Category 1			
Insolvency bond	60 00	0 00	60 00
Postage	2 64	0 00	2 64
Statutory Advertising	63 50	0 00	63 50
	<u>126 14</u>	<u>0 00</u>	<u>126 14</u>

Category 2

Photocopying	9 60	9 60	0 00
Envelopes	0 80	0 80	0 00
IPS Charge	50 00	50 00	0 00
Case Setup Fee	30 00	30 00	0 00
Room Hire	60 00	60 00	0 00
	<u>150 40</u>	<u>150 40</u>	<u>0 00</u>

Expense	Paid to	Basis of payment
Statutory advertising	Courts Advertising	Statutory payment - set tariff
Storage Costs	Clarks Archive Services	Set tariff
Specific Bond Increase	Marsh Insurance	Statutory payment - set tariff
Accountants Fees	MOOG Partners	Set tariff
Legal Fees	HCB Solicitors	Time costs
Bank Transfer Fee	Lloyds TSB Bank Plc	Transfer abroad to MOOG Partners

		Incurred £	Unpaid £	Written off £	Paid £
Courts Advertising	Statutory advertising	202 00	0 00	0 00	202 00
Clarks Archive Services	Storage Costs	651 49	0 00	0 00	651 49
Marsh Insurance	Specific Bond Increase	40 00	0 00	0 00	40 00
MOOG Partners	Accountants Fees	1,966 35	0 00	0 00	1,966 35
HCB Solicitors	Legal Fees	725 50	0 00	0 00	725 50
Lloyds TSB Bank Plc	Bank Transfer Fee	15 00	0 00	0 00	15 00
		<u>3,600 34</u>	<u>0 00</u>	<u>0 00</u>	<u>3,600 34</u>

A CREDITORS' GUIDE TO LIQUIDATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the liquidator and challenge those they consider to be excessive.

2 Liquidation procedure

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.
- 2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.
- 2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and an official belonging to The Insolvency Service. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by The Insolvency Service on behalf of the Secretary of State. Where an insolvency practitioner is not appointed the official receiver remains liquidator.
- 2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

- 3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the

progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's remuneration

4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 – 4.127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed

- as a percentage of the value of the assets which are realised or distributed or both,
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation, or
- as a set amount.

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the liquidator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the liquidator.

It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied. Rule 4.127 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the liquidator in connection with the insolvency,
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the assets which the liquidator has to deal with.

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator.

4.3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.

4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below).

5 Review of remuneration

Where there has been a material and substantial change in circumstances since the basis of the liquidator's remuneration was fixed, the liquidator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 What information should be provided by the liquidator?

6.1 When fixing bases of remuneration

- 6.1.1** When seeking agreement for the basis or bases of remuneration, the liquidator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.
- 6.1.2** If any part of the remuneration is sought on a time costs basis, the liquidator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.
- 6.1.3** The liquidator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.
- 6.1.4** If work has already been carried out, the liquidator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the liquidator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.2 After the bases of remuneration have been fixed

The liquidator is required to send progress reports to creditors at specified intervals (see paragraph 7.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 7.1, the liquidator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the liquidator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the liquidator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.3 Disbursements and other expenses

- 6.3.1** Costs met by and reimbursed to the liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories:
- **Category 1 disbursements.** These are costs where there is specific expenditure directly referable both to the liquidation and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the liquidator or his or her staff.

- **Category 2 disbursements** These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the liquidator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the liquidator's remuneration. When seeking approval, the liquidator should explain, for each category of expense, the basis on which the charge is being made.

6.3.2 The following are not permissible

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the liquidator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

6.4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 11.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

7 Progress reports and requests for further information

7.1 The liquidator is required to send annual progress reports to creditors. The reports must include

- details of the basis fixed for the remuneration of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period,
- a statement of the creditors' rights to request further information, as explained in paragraph 7.2, and their right to challenge the liquidator's remuneration and expenses.

7.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

7.3 The liquidator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or

- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the liquidator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

8 Provision of information – additional requirements

The liquidator must provide certain information about the time spent on the case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is –

- the total number of hours spent on the case by the liquidator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office

9 What if a creditor is dissatisfied?

- 9 1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing
- 9 2 If a creditor believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 9 3 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7 1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing
- 9 4 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company

10 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee, or in the preceding administration, is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the liquidation committee, the creditors, in the preceding administration or in accordance with the statutory scale is insufficient, or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

11 Other matters relating to remuneration

11.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

11.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.

11.3 If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.

11.4 If a new liquidator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new liquidator until a further determination, resolution or court order is made.

11.5 Where the basis of the remuneration is a set amount, and the liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing liquidator. The application must be made to the same body as approved the remuneration. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.

11.6 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

12 Effective date

This guide applies where a company goes into liquidation on or after 1 November 2011.

Appendix

Suggested format for the provision of information

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the liquidator,
- the liquidator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the liquidator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the liquidator wishes to claim increased remuneration.

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the liquidator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
 - details of work undertaken during the period, related to the table of time spent for the period,
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
 - any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested as a basis for the analysis of time spent

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the liquidator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted