

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

05212230

Name of Company

L D Pipework Services Limited

I / We

Kate Elizabeth Breese, Oxford Chambers, Oxford Road, Guiseley, Leeds, LS20 9AT

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 09/03/2015 to 08/03/2016

Signed



Date

3/6/16

Walsh Taylor
Oxford Chambers
Oxford Road
Guiseley
Leeds
LS20 9AT

Ref LDP0001/KB/RB/NC/DG

WEDNESDAY



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COMPANIES HOUSE

L D Pipework Services Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments

| Statement of Affairs | | From 09/03/2015 To 08/03/2016 | From 09/03/2012 To 08/03/2016 |
|------------------------------|------------------------------------|----------------------------------|----------------------------------|
| GENERAL SECURED GROUP | | | |
| (57,074 99) | Clydesdale Bank | NIL | 1,000 00 |
| | | NIL | (1,000 00) |
| ASSET REALISATIONS | | | |
| 500 00 | Plant & Machinery | NIL | 500 00 |
| 12,000 00 | Book Debts/Retentions | NIL | 7,609 63 |
| NIL | Motor Vehicles | NIL | NIL |
| | Contribution to Costs | NIL | 2,000 00 |
| | | NIL | 10,109 63 |
| COST OF REALISATIONS | | | |
| | Specific Bond | NIL | 58 00 |
| | Preparation of S of A | NIL | 5,000 00 |
| | Liquidator Fees | NIL | 250 00 |
| | Office Holders Expenses | NIL | 24 00 |
| | Contribution to Costs | NIL | 2,000 00 |
| | Agents/Valuers Fees (1) | NIL | 400 00 |
| | Postage (Cat1) - no VAT | NIL | 15 34 |
| | Stationery (Cat2) with VAT | NIL | 31 20 |
| | Storage Costs | NIL | 26 52 |
| | Statutory Advertising | NIL | 190 21 |
| | | NIL | (7,995 27) |
| UNSECURED CREDITORS | | | |
| (1,674 45) | Trade & Expense Creditors | NIL | 1,000 00 |
| (4,799 00) | Banks/Institutions | NIL | NIL |
| (12,748 16) | H M Revenue & Customs VAT | NIL | NIL |
| (9,751 95) | H M Revenue & Customs - Corporatio | NIL | NIL |
| (7,232 00) | H M Revenue & Customs - PAYE/NIC | NIL | NIL |
| | | NIL | (1,000 00) |
| DISTRIBUTIONS | | | |
| (4 00) | Ordinary Shareholders | NIL | NIL |
| | | NIL | NIL |
| (80,784.55) | | NIL | 114 36 |
| REPRESENTED BY | | | |
| | Bank Current a/c | | 114 36 |
| | | | 114 36 |

Kate Elizabeth Breese
Liquidator

**L D Pipework Services
Limited - In Liquidation**

Company No: 05212230

Liquidator's Annual Progress Report to Creditors

Pursuant to S104A of the Insolvency Act 1986

3 June 2016

Registered Office
Walsh Taylor
Oxford Chambers
Oxford Road
Guiseley
Leeds
LS20 9AT

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1 Introduction

- 1 1 This report provides an update on the progress in the liquidation of L D Pipework Services Limited (the **Company**) I was appointed Liquidator of the Company at the first meeting of creditors held on 9 March 2012
- 1 2 I enclose at Appendix A an account of the Liquidator's Receipts and Payments for the year ended 8 March 2016, and for the period of the Liquidation as a whole, together with a comparison to the Director's Statement of Affairs values

2 Realisation of Assets

- 2 1 The Company's assets were shown by the Director in his estimated statement of affairs as at 9 March 2012 to be

| Asset Type | Book Value £ | Estimated to Realise £ |
|-------------------|--------------|------------------------|
| Plant & Machinery | £ 15,624 00 | £ 500 00 |

Book Debts

£ 21,252 50

£ 12,000 00

- 2 2 The Company's Plant & Machinery was sold to Regency Consultancy (North East) Limited on 14 March 2012 for the sum of £500 plus Vat, following an independent valuation by Michael Steel & Co Ltd Funds were received in full on 14 March 2012 Lee Dolan, the former Director of L D Pipework Services Ltd is the sole Director of Regency Consultancy (North East) Limited
- 2 3 The sum of £7,609 63 has been collected in respect of Book Debts and Retentions These collections are still ongoing The former Director of the Company was originally instructed to collect these debts and EC Harris LLP, now KMRE Group Limited, were subsequently instructed in this matter to progress collections Following a review of progress made by KMRE Group Limited, they have been uninstructed and I am awaiting return of their files to review the collectability of the remaining ledger
- 2 4 The sum of £2,000 has been received from the former Director in respect of a contribution to the Liquidator's Costs
- 2 5 The Company's Motor Vehicle was subject to lease purchase and the vehicle has been returned with no residual realisation
- 2 6 Total estate asset realisations achieved in this Liquidation to date are therefore £10,109 63

3 Investigations

- 3 1 In accordance with the Company Directors Disqualification Act 1986 the liquidator has submitted a report on the conduct of the Director of the Company to the Department for Business Innovation & Skills (BIS) As this is a confidential report, I am not able to disclose the contents
- 3 2 The Liquidator also has a duty to investigate the extent of the Company's assets including potential claims against third parties including the Director, and to report her findings, subject to considerations of privilege and confidentiality and whether those investigations and/or any potential litigation might be compromised
- 3 3 The preliminary assessment of the conduct of the Company's affairs prior to winding up did not reveal any matters that it was in the interest of creditors for the Liquidator to pursue Accordingly I am not conducting or proposing to conduct any further, more detailed investigations however I will of course continue to monitor the Company's situation

4 Creditors

Secured Creditors

- 4 1 There is one secured creditor in this Liquidation Clydesdale Bank Plc hold security over the Company's assets in the form of a debenture created on 16 November 2008 and registered on 20 November 2008 which created a fixed and floating charge

Preferential Creditors

- 4 2 There are no preferential creditors in this liquidation

Prescribed Part

- 4 3 Where a Company has granted security over its assets which includes a qualifying floating charge the Liquidator is obliged to consider setting aside a proportion of net property, which would otherwise be available to the holder of floating charge security over the Company's assets, for the benefit of unsecured creditors (known as "the Prescribed Part")
- 4 4 The sum of £1,000 has been paid to Clydesdale Bank Plc in respect of the floating charge on 6 November 2013

Unsecured Creditors

- 4 5 The Liquidator has received claims totalling £105,264.53 from six creditors. I have yet to receive claims from two creditors whose debts total £9,751.95 as per the Director's Statement of Affairs. A further two creditors have agreed nil claims in the liquidation.

Dividend

- 4 6 A dividend of £1,000 representing 2.07p/£ has been paid to those four creditors who have successfully proved their claims.
- 4 7 Further asset realisations will be utilised fully in contributing towards defraying the administrative costs of the liquidation.
- 4 8 As noted in my previous report, pursuant to Rule 11.7 it was reported that no funds are expected to become available to enable any further distribution to be made to unsecured creditors.

5 Liquidator's Remuneration, Disbursements and Expenses

Basis of the Liquidator's remuneration

5 1 At the initial meeting of creditors held pursuant to Section 98 of the Act on 9 March 2012 it was resolved that the Liquidator would be remunerated by reference to the time properly spent in dealing with this matter at Walsh Taylor's standard charging rates, and that her disbursements would be drawn in accordance with Walsh Taylor's standard tariff (see Appendix D)

5 2 Apart from a small increase in stationery charges, to reflect increased costs associated therein, there have been no increases to Walsh Taylor's charge out rates or disbursement tariff since then

Remuneration charged and disbursements incurred

5 3 In aggregate, the Liquidator's post liquidation time costs as at 8 March 2016 total £17,862 50 in respect of 99 85 hours at an average hourly rate of £178 89

5 4 Disbursements incurred are summarised at Appendix C

Remuneration and disbursements drawn

5 5 To date I have drawn the sum of £250 plus VAT in respect of my Liquidator's remuneration

5 6 Details of disbursements drawn are set out in Appendix C

Liquidation expenses charged and drawn

5 7 Details of the costs incurred and paid by the Liquidator in relation to liquidation expenses are also attached at Appendix C

5 8 I comment specifically that at the first meeting of creditors held on 9 March 2012 it was resolved that the fees and disbursements of Walsh Taylor 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 VAT, to be paid out of the assets of the Company, together with disbursements incurred

5 9 The sum of £5,000 has been drawn on account in this respect

Creditors' Guide to Fees and Statement of Creditors' rights

5 10 If you require any further information with respect to a Liquidator's remuneration, disbursements and expenses, please see Appendix D This document also includes a statement of creditors' rights

6 Matters outstanding

6 1 I am awaiting the return of the company's debtor documentation in order that I may assess if any further realisations are likely to be achieved

6 2 Accordingly, the estimated timescale for closure is dependent upon the above

6 3 If you require any further information please do not hesitate to contact me at the above address

Yours faithfully

A handwritten signature in black ink, appearing to read 'K Breese', with a stylized flourish at the end.

Kate Elizabeth Breese
Liquidator

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**Receipts & Payments Account for the Period 9 March 2015 to 8 March 2016
and for the period of the Liquidation as a whole**

Appendix A

**L D Pipework Services Limited
(In Liquidation)**

LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT

| | Statement of affairs £ | From 09/03/2015 To 08/03/2016 £ | From 09/03/2012 To 08/03/2016 £ |
|---------------------------------------|------------------------------|---------------------------------------|---------------------------------------|
| RECEIPTS | | | |
| Plant & Machinery | 500 00 | 0 00 | 500 00 |
| Book Debts/Retentions | 12,000 00 | 0 00 | 7,609 63 |
| Motor Vehicles | NIL | NIL | NIL |
| Contribution to Costs | | 0 00 | 2,000 00 |
| | | <u>0 00</u> | <u>10,109 63</u> |
| PAYMENTS | | | |
| Clydesdale Bank | (57,074 99) | 0 00 | 1,000 00 |
| Specific Bond | | 0 00 | 58 00 |
| Preparation of S of A | | 0 00 | 5,000 00 |
| Liquidator Fees | | 0 00 | 250 00 |
| Office Holders Expenses | | 0 00 | 24 00 |
| Contribution to Costs | | 0 00 | 2,000 00 |
| Agents/Valuers Fees (1) | | 0 00 | 400 00 |
| Postage (Cat1) - no VAT | | 0 00 | 15 34 |
| Stationery (Cat2) with VAT | | 0 00 | 31 20 |
| Storage Costs | | 0 00 | 26 52 |
| Statutory Advertising | | 0 00 | 190 21 |
| Trade & Expense Creditors | (1,674 45) | 0 00 | 1,000 00 |
| Banks/Institutions | (4,799 00) | NIL | NIL |
| H M Revenue & Customs VAT | (12,748 16) | NIL | NIL |
| H M Revenue & Customs - Corporation T | (9,751 95) | NIL | NIL |
| H M Revenue & Customs - PAYE/NIC | (7,232 00) | NIL | NIL |
| Ordinary Shareholders | (4 00) | NIL | NIL |
| | | <u>0 00</u> | <u>9,995 27</u> |
| Net Receipts/(Payments) | | <u>0 00</u> | <u>114 36</u> |
| MADE UP AS FOLLOWS | | | |
| Vat Receivable | | 0 00 | 1,195 18 |
| Bank Current a/c | | 0 00 | 114 36 |
| Vat Payable | | 0 00 | (100 00) |
| Vat Control Account | | 0.00 | (1,095 18) |
| | | <u>0 00</u> | <u>114 36</u> |

**Time Analysis for the Period 9 March 2015 to 8 March 2016 and for the period of the Liquidation
as a whole**

Appendix B

Time Entry - SIP9 Time & Cost Summary

LDP0001 - L D Pipework Services Limited
Project Code POST
To 08/03/2016

| Classification of Work Function | Partner | Manager | Other Senior Professionals | Assistants & Support Staff | Cashier | Total Hours | Time Cost (£) | Average Hourly Rate (£) |
|------------------------------------|--------------|--------------|----------------------------|----------------------------|-------------|--------------|------------------|-------------------------|
| Admin & Planning | 9.50 | 22.00 | 0.00 | 29.60 | 0.00 | 61.10 | 10,955.50 | 179.30 |
| Case Specific Matters | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cashier | 0.70 | 2.40 | 0.00 | 13.95 | 0.70 | 17.75 | 2,783.00 | 156.78 |
| Creditors | 0.00 | 3.10 | 0.00 | 0.10 | 0.00 | 3.20 | 582.00 | 181.88 |
| Investigations | 0.40 | 1.40 | 0.00 | 0.00 | 0.00 | 1.80 | 364.00 | 202.22 |
| Realisation of Assets | 0.70 | 14.50 | 0.00 | 0.00 | 0.00 | 15.20 | 3,034.00 | 199.61 |
| Trading | 0.00 | 0.80 | 0.00 | 0.00 | 0.00 | 0.80 | 144.00 | 180.00 |
| Total Hours | 11.30 | 44.20 | 0.00 | 43.65 | 0.70 | 99.85 | 17,862.50 | 178.89 |
| Total Fees Claimed | | | | | | | 0.00 | |
| Total Disbursements Claimed | | | | | | | 0.00 | |

L D PIPEWORK SERVICES LIMITED**In Liquidation****Liquidator's disbursements and expenses to 8 March 2016****Appendix C**Disbursements incurred and paid

| | Incurred £ | Unpaid £ | Written off £ | Paid £ |
|-------------------|---------------|--------------|------------------|---------------|
| Category 1 | | | | |
| Insolvency bond | 58 00 | 0 00 | 0 00 | 58 00 |
| Postage | 34 93 | 19 59 | 0 00 | 15 34 |
| Company search | 4 00 | 4 00 | 0 00 | 0 00 |
| Advertising | 126 81 | 0 00 | 0 00 | 190 21 |
| | <u>223 74</u> | <u>23 59</u> | <u>0 00</u> | <u>263 55</u> |

Category 2

| | | | | |
|-----------------|---------------|---------------|-------------|--------------|
| Photocopying | 46 65 | 15 45 | 0 00 | 31 20 |
| Storage | 157 84 | 131 32 | 0 00 | 26 52 |
| Case Set Up Fee | 20 00 | 20 00 | 0 00 | 0 00 |
| Mileage | 8 45 | 8 45 | 0 00 | 0 00 |
| | <u>232 94</u> | <u>175 22</u> | <u>0 00</u> | <u>57 72</u> |

Expenses incurred and paid

| Expense | Paid to | Basis of payment | Incurred £ | Unpaid £ | Written off £ | Paid £ |
|-----------------------|--------------------|---------------------------------------|-----------------|-------------|------------------|-----------------|
| Pre liquidation fees | Walsh Taylor | Approved by creditors on 9 March 2012 | | | | |
| Pre liquidation disbs | Walsh Taylor | Approved by creditors on 9 March 2012 | | | | |
| Statutory advertising | Courts Advertising | Statutory payment - set tariff | | | | |
| Bonding | Marsh Limited | Premium | | | | |
| Agents/Valuers fees | Michael Steel & Co | Set fee | | | | |
| Storage | Walsh Taylor | 40p per box, per week | | | | |
| | | | | | | |
| Pre liquidation fees | | | 5,000 00 | 0 00 | 0 00 | 5,000 00 |
| Agents/Valuers fees | | | 400 00 | 0 00 | 0 00 | 400 00 |
| | | | <u>5,400 00</u> | <u>0 00</u> | <u>0 00</u> | <u>5,400 00</u> |

No pre-appointment disbursements have been charged to this estate

**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 of 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, the value and nature of the assets which the liquidator has to deal with.

4.5 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 the 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.

4.6 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.

4.7 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 General principles

6.1.1 The liquidator should provide those responsible for approving his remuneration with sufficient information to enable them to make an informed judgement about the reasonableness of the liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to creditors, while being proportionate to the circumstances of the case.

6.1.2 The liquidator should disclose

- payments, remuneration and expenses arising from the administration paid to the liquidator or his or her associates;
- any business or personal relationships with parties responsible for approving the liquidator's remuneration or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.

The liquidator should inform creditors of their rights under insolvency legislation, and should advise them how they may access suitable information setting out their rights within the first communication with them and in each subsequent report.

6.1.3 Where the liquidator sub-contracts out work that could otherwise be carried out by the liquidator or his or her staff, this should be drawn to the attention of creditors with an explanation of why it is being done.

6.2 Key issues

6.2.1 The key issues of concern to those with a financial interest in the level of payments from the insolvency estate will commonly be:

- the work the liquidator anticipates will be done, and why that work is necessary;

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 Basis

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.

4.2 Advance information where remuneration not based on time costs

Prior to the determination of the basis of remuneration, the liquidator must give the creditors details of the work the liquidator proposes to undertake, and the expenses he considers will be, or are likely to be, incurred. However, where the liquidator proposes to take any part or all of his remuneration on a time cost basis, he must provide more detailed information in the form of a fees estimate, as explained below.

4.3 Fees estimates where remuneration to be based on time costs

Where the liquidator proposes to take remuneration based on time costs, he must first provide the creditors with detailed information in the form of a fees estimate. A fees estimate is a written estimate that specifies -

- details of the work the liquidator and his staff propose to undertake;
- the hourly rate or rates the liquidator and his staff propose to charge for each part of that work;
- the time the liquidator anticipates each part of that work will take;
- whether the liquidator anticipates it will be necessary to seek approval or further approval under the Rules; and
- the reasons it will be necessary to seek such approval.

In addition, the liquidator must give the creditors details of the expenses he considers will be, or are likely to be, incurred.

4.4 Who fixes the remuneration

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 anticipated cost of that work, including any expenses expected to be incurred in connection with it.

whether it is anticipated that the work will provide a financial benefit to creditors and if so what benefit (or if the work provided no direct financial benefit, but was required by statute);

the work actually done and why that work was necessary;

the actual costs of the work, including any expenses incurred in connection with it, as against any estimate provided;

whether the work has provided a financial benefit to creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute).

When providing information about payments, fees and expenses, the liquidator should do so in a way which facilitates clarity of understanding of these key issues. Narrative explanations should be provided to support any numerical information supplied. Where it is practical to do so, the liquidator should provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration.

6.2.2 When approval for a fixed amount or a percentage basis is sought, the liquidator should explain why the basis requested is expected to produce a fair and reasonable reflection of the work that the liquidator anticipates will be undertaken.

6.3 Fee estimates and subsequent reports

6.3.1 When providing a fee estimate, the liquidator should supply that information in sufficient time to facilitate that body making an informed judgement about the appropriateness of the liquidator's requests. The estimate should clearly describe what activities are anticipated to be conducted in respect of the estimated fee, when subsequently reporting to creditors, the actual hours and average rate (or rates) of the costs charged for each activity should be provided for comparison.

6.4 Disbursements

6.4.1 Costs met by and reimbursed to the liquidator in connection with the liquidation will fall into two categories:

- Category 1 disbursements. These are payments to independent third parties where there is specific expenditure directly referable to the liquidation. 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. 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 may be incurred by the liquidator or their firm, and that can be allocated to the liquidation on a proper and reasonable basis.

When seeking approval, the liquidator should explain, for each category of cost, the basis on which the charge is being made. If the liquidator has obtained approval for the basis of Category 2 disbursements, that basis may continue to be used in a sequential appointment where further approval of the basis of remuneration is not required or where the liquidator is replaced.

6.4.2 The following are not permissible as disbursements:

- 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;

8.5 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 Exceeding the amount set out in the fees estimate

Remuneration must not exceed the fees estimate without approval by the body which fixed the original basis of the remuneration. The request for approval must specify –

- the reason why the liquidator has exceeded or is likely to exceed the fees estimate
- the additional work the liquidator has undertaken or proposes to undertake
- the hourly rate or rates the liquidator proposes to charge for each part of that additional work
- the time that additional work has taken or the liquidator anticipates that work will take
- whether the liquidator anticipates that it will be necessary to seek further approval, and
- the reasons it will be necessary to seek further approval.

8 Progress reports and requests for further information

8.1 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 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
- where appropriate, a statement –

that the remuneration anticipated to be charged is likely to exceed the fees estimate or any approval given for remuneration exceeding the estimate; that expenses incurred or anticipated to be incurred are likely to exceed or have exceeded the details given to the creditors prior to the determination of the basis of remuneration; and the reason for that excess.

- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the liquidator's remuneration and expenses.

8.2 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 resolve 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.

8.3 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.

9 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.

10 What if a creditor is dissatisfied?

10.1 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.

10.2 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.

10.3 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 8.1 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.

10.4 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.

11 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.

12 Other matters relating to remuneration

12.1 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, if agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

12.2 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.

12.3 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.

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

12.5 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.

12.6 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.

13 Effective date

This guide applies where a company goes into liquidation on or after 1 October 2015.

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 5 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.