

Liquidator's Progress Report**S.192****Pursuant to Sections 92A, 104A and 192 of the
Insolvency Act 1986**

To the Registrar of Companies

Company Number

05391895

Name of Company

(a) Insert full name of
company

(a) ABACUS 321 LIMITED

(b) Insert full name(s) and
address(es)I (b) Michael Gillard of Mackenzie Goldberg Johnson Limited, Scope House, Weston Road,
Crewe, CW1 6DDthe 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 20 September 2013 to 19 September 2014

Signed



Date

13/11/14

Presenter's name, address
and reference (if any)Michael Gillard
Mackenzie Goldberg Johnson Limited
Scope House
Weston Road
Crewe
CW1 6DD

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COMPANIES HOUSE

**Abacus 321 Limited – In Creditors' Voluntary Liquidation
Liquidator's Progress Report to Members and Creditors
For the year ending 19 September 2014**

STATUTORY INFORMATION

Company name	Abacus 321 Limited
Registered office	c/o Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD
Former registered office	Unit 1 Rossfield Road, Rossmore Industrial Estate, Ellesmere Port, Cheshire, CH65 3AW
Registered number	05391895
Liquidator's name	Michael Gillard
Liquidator's address	Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD
Liquidator's date of appointment	5 December 2013 – This appointment was previously held by Simon Atkins and was transferred to Michael Gillard by a Block Transfer Order dated 5 December 2013
Former liquidator's name	Simon Atkins
Former liquidator's address	Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD
Former liquidator's date of appointment	20 September 2012
Former liquidator's date of release	5 December 2013

BLOCK TRANSFER ORDER

A Block Transfer Order granted on the 5 December 2013 had the effect of removing Simon Atkins as the liquidator and appointing Michael Gillard (of the same firm) as his replacement. The terms of the Block Transfer Order stated that annual progress reports issued by Michael Gillard as liquidator would fall due on 5 December 2014 and every subsequent period of one year pursuant to Rule 4.49C-CVL of the Insolvency Rules 1986 (as amended).

Subsequently Michael Gillard applied to court to vary the terms of the original Block Transfer Order to allow annual progress reports to cover the period of one year from the date of the appointment of Simon Atkins as liquidator and every subsequent year thereafter. The application sought to apply this retrospectively for the period between the initial Block Transfer Order and the date of any subsequent order.

The Order was granted by the High Court of Justice on 16 October 2014 and sealed on 3 November 2014.

The Order placed an obligation on Michael Gillard to advise creditors of the content of the Order in the next progress report. Should you have any queries in relation to the Order please do not hesitate to contact this office.

RECEIPTS AND PAYMENTS ACCOUNT

A receipts and payments account for the period from 20 September 2013 to 19 September 2014 is attached as Appendix 1. All amounts are shown net of VAT.

ASSETS

Cash at Bank

The Statement of Affairs showed cash at bank of £1,520, however these funds were later found to be book debts owed to a related company and were not realised. In addition, HSBC claimed a right of set off against a commercial credit card debt for a smaller balance of £722.95.

Sale of the Business

The assets of the company were sold to the director's sole trader business, Apple Accountants in August 2012 for the sum of £13,420. The agents who dealt with the sale were JPS Surveyors Limited and the transaction was for value. The sum of £5,000 was collected by the agent prior to the liquidation and a further £8,420 was due in respect of the sale as shown in the Statement of Affairs.

Following the liquidation, the director paid a further £1,000 to the agents. The sum of £2,482 plus disbursements of £60.50 and VAT was deducted by JPS Surveyors Limited in respect of their fees and the balance of £2,949 was received.

The remaining balance of £7,420 has since been received from the director and is shown on the enclosed receipts and payments account.

Bank Interest

Bank interest totalling £0.42 has been received to date.

Overdrawn Dividends

Following the liquidator's investigations, it was found that dividends had been paid to the shareholder when there were insufficient reserves of £13,420. The liquidator has requested repayment of these funds from the director/shareholder. We are currently in correspondence with the director and solicitors will be instructed in this matter shortly if a settlement cannot be reached.

LIABILITIES

Secured Creditors

An examination of the company's mortgage register held by the Registrar of Companies shows that the company has not granted any debentures.

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 there are no secured creditors and accordingly the prescribed part provisions do not apply.

Preferential Creditors

There are no preferential creditors in this case.

Crown Creditors

The Statement of Affairs included £49,997 owed to HM Revenue and Customs ("HMRC"). HMRC has submitted an interim claim of £11,728.46 in respect of PAYE and NIC and £42,894.19 in respect of VAT.

Non-preferential Unsecured Creditors

The Statement of Affairs included 2 unsecured creditors (excluding HMRC) with an estimated total liability of £9,861. A claim has been received from 1 creditor at a total of £8,750. A claim has not yet been received from the other creditor included in the Statement of Affairs for £1,111.

DIVIDEND PROSPECTS

Ordinary Unsecured Creditors

It appears unlikely that there will be a dividend to unsecured creditors in this case

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

The liquidator 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

It has been found that there have been dividends paid to the shareholder when there were insufficient reserves. The liquidator has requested that these funds be repaid

Within six months of appointment, the liquidator is required to submit a confidential report to the Secretary of State to include any matters which have come to his attention during the course of his work which may indicate that the conduct of any past or present director would make him unfit to be concerned with the management of a company. The report/return has been submitted

LIQUIDATOR'S ACTIONS SINCE LAST REPORT

The majority of time has been spent undertaking an investigation into the financial affairs of the company, reviewing the accounts and analysing the bank statements. Correspondence has been sent to the director/shareholder to request the overdrawn dividends be repaid

The liquidator liaised with the director regarding the balance owed in respect of the purchase of the assets of the company and the balance has now been received

A progress report was prepared and distributed to members and creditors

Case reviews have been undertaken to ensure the case is being progressed

General duties have been completed which includes filing, cashiering, completing a CT600 return and VAT 426 form

PRE-APPOINTMENT REMUNERATION

The creditors authorised the payment of a fee of £5,000 for Mackenzie Goldberg Johnson Limited's assistance with preparing the Statement of Affairs and convening and holding the meeting of creditors, at a meeting held on 20 September 2012. The sum of £2,500 was paid from realisations in the estate in February 2014 and the remaining £2,500 was paid in April 2014

LIQUIDATOR'S REMUNERATION

The liquidator's remuneration was authorised by creditors at a meeting held on 20 September 2012 to be drawn on a time cost basis. Total time costs to 19 September 2014 amount to £10,406.00, representing 45.8 of hours work at an average charge out rate of £227.21 per hour, of which £5,596.00, representing 30 hours of work, was charged in the period between 20 September 2013 and 19 September 2014, at an average charge out rate of £186.53 per hour

The sum of £4,250 has been drawn to date, all of which was drawn in this period

Schedules of time costs incurred to 19 September 2014 and separately for the period 20 September 2013 to 19 September 2014 are attached as Appendix 2 and 3

A description of the work undertaken in the liquidation to date is as follows

1. Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on Insolv
- Review and storage
- Case bordereau
- Case planning and administration
- Completing case reviews, case strategy notes and checklists
- Preparing a report to members and creditors

2 Cashiering

- Maintaining and managing the liquidator's cashbook and bank account
- Completing and submitting a CT600 return to HMRC
- Completing and submitting a VAT 426 form to HMRC to obtain a VAT refund

3. Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing and distributing progress reports to creditors
- Maintaining creditor information on Insolv
- Reviewing and adjudicating on proofs of debt received from creditors

4 Investigations

- Review and storage of books and records
- Preparing a report/return pursuant to the Company Directors Disqualification Act
- Conducting investigations into suspicious transactions
- Review books and records to identify any transactions or actions a liquidator may take against a third party in order to recover funds for the benefit of creditors
- Review of the accounts
- Analysing the bank statements

5. Realisation of Assets

- Liaising with the company's bank regarding the closure of the account
- Liaising with agents regarding the sale of the assets and obtaining the balance held
- Liaising with the director regarding the balance owed in respect of the sale of the assets
- Correspondence with the director/shareholder regarding the dividends drawn when there were insufficient reserves

A copy of 'A Creditors Guide to Liquidators' Fees' published by the Association of Business Recovery Professionals, together with an explanatory note which shows Mackenzie Goldberg Johnson Limited's current and former fee policies are enclosed

LIQUIDATOR'S EXPENSES

Expenses to 19 September 2014 amount to £545 14, of which £94 50 (in respect of a specific bond) was incurred in the period between 20 September 2013 and 19 September 2014

The expenses (listed below) were incurred and initially paid from the office of Mackenzie Goldberg Johnson and have all been charged to the case in this period

Type of expense	Amount incurred & paid
Specific Bond	£283 50
Statutory Advertising	£151 64
Insolv Licence Fee	£110 00

Although creditors have authorised the liquidator to charge category 2 disbursements, no category 2 disbursements have been charged in this case to date. An explanation of category 2 disbursements is included in the fee policy enclosed.

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.

SUMMARY

The liquidation will remain open until the balance in respect of the overdrawn dividends has been resolved, following which the liquidation will be finalised and our files will be closed.

Should you have any queries regarding this report or the liquidation in general, please contact Samantha Cooke on 01270 212 700.



Michael Gillard
Liquidator of Abacus 321 Limited

**Abacus 321 Limited T/A Abacus Accountants Wirral - In Creditors Voluntary Liquidation
Liquidator's Abstract of Receipts & Payments**

From 20 September 2013 To 19 September 2014

S of A £

From 20/09/13

From 20/09/12

To 19/09/14

To 19/09/14

ASSET REALISATIONS

13,420	Bank Interest Net of Tax	0 40	0 42
	Sale of Business	13,320 00	13,420 00
		<u>13,320 40</u>	<u>13,420 42</u>

COST OF REALISATIONS

Statement of Affairs Fee	(5,000 00)	(5,000 00)
Agents/Valuers Fees (1)	(2,482 00)	(2,482 00)
Liquidator's Disbursements	(584 58)	(584 58)
Liquidator's Remuneration	(4,250 00)	(4,250 00)
Agents disbursements	(60 50)	(60 50)
	<u>(12,377 08)</u>	<u>(12,377 08)</u>

UNSECURED CREDITORS

(59,858)	Unsecured Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
		<u>943 32</u>	<u>1,043 34</u>

REPRESENTED BY

Vat Receivable	250 00
MGJ re Abacus 321 Limited in liquidation-HSBC Bank -	793 34
Interest Bearing Account	

1,043 34

**Michael Gillard
Liquidator**

Liquidator's Post-Appointment Remuneration Schedule
Abacus 321 Limited
Between 20 September 2012 and 19 September 2014

Classification of work function	Partner/Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	4 90	5 40	11 60	4 40	26 30	5,214 00	198 25
Investigations	5 70	2 00	3 10	0 50	11 30	2,929 00	259 20
Realisation of Assets	5 80	0 00	1 80	0 00	7 60	2,218 00	291 84
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	0 60	0 60	45 00	75 00
Case Specific Matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total hours	16 40	7 40	16 50	5 50	45 80		
Time costs	5,330 00	1,665 00	2,998 50	412 50	10,406 00		
Average hourly rate	325 00	225 00	181 73	75 00	227 21		

Description	Total Incurred £	Total Recovered £
Specific Bond	283 50	283 50
Statutory Advertising	151 64	151 64
Insolv Licence Fee	110 00	110 00
Totals	545.14	545 14

Summary of Fees

Time spent in administering the Assignment	Hours	45 80
Total value of time spent to 19 September 2014	£	10,406 00
Total Liquidator's fees charged to 19 September 2014	£	4,250 00

Liquidator's Post-Appointment Remuneration Schedule
Abacus 321 Limited
Between 20 September 2013 and 19 September 2014

Classification of work function	Partner/ Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	0 40	4 10	10 60	4 40	19 50	3,284 00	168 41
Investigations	0 50	2 00	3 10	0 50	6 10	1,239 00	203 11
Realisation of Assets	2 30	0 00	1 50	0 00	3 80	1,028 00	270 53
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	0 60	0 60	45 00	75 00
Case Specific Matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total hours	3 20	6 10	15 20	5 50	30 00		
Time costs	1,040 00	1,372 50	2,771 00	412 50	5,596 00		
Average hourly rate	325 00	225 00	182 30	75 00	186 53		

Description	Total Incurred £	Total Recovered £
Specific Bond	94 50	94 50
Totals	94 50	94.50

Summary of Fees

Time spent in administering the Assignment	Hours	30 00
Total value of time spent to 19 September 2014	£	5,596 00
Total Liquidator's fees charged to 19 September 2014	£	4,250 00

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A CREDITORS' GUIDE TO LIQUIDATORS' FEES

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:

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- 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

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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

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- 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

Statement of Insolvency Practice 9
A CREDITORS' GUIDE TO LIQUIDATORS' FEES

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



Fee Accrual

The Office Holder is the general name for the Insolvency Practitioner dealing with the case affairs

In accordance with the Insolvency Act 1986 and Insolvency Rules 1986, the Office Holder shall charge appropriate fees for dealing with the case affairs

It is usual practice for the agreement of fees to be sought on the basis of time properly incurred in dealing with the case. However on occasion it is necessary to seek agreement of fees as a fixed percentage of assets realised and/or distributions made, or indeed a defined fixed fee

The precise basis of how fees are to be incurred will be formally given to creditors prior to agreement being sought

The legal agreement and basis upon which post appointment fees are agreed is determined by the relevant category of creditors, details of which are explained within the respective independent creditors' guides to fees

Unless otherwise advised, fees shall be drawn on account from the case funds as and when realisations allow, subject to agreement

Staff

Each member of staff involved with the case will time charge on an individual basis. The hourly cost of each member of staff shall be calculated in accordance with their experience and resultant grade within the practice

In view of the complexity of the work involved, it is not practice policy to use sub contractors, however we reserve the right to do so should the case require. Details of any sub contractor used shall be provided within the respective statutory report SIP 9 detail

VAT

Except when acting as Nominee or Supervisor of an estate, fees will be subject to VAT at the appropriate rate

Where the case is not registered for VAT, VAT shall be shown as an irrecoverable expense of the estate

Disbursements

Every case dealt with will incur disbursements. The Office Holder is required to explain the amount and nature of such disbursements whenever a formal abstract of accounts is produced

Regulations require that we separate category 1 and 2 disbursements for your information. An explanation of which is as follows

Category 1 Disbursements

Category 1 disbursements are expenses directly attributable to the case, where exact costs can be ascertained and recharged without profit. These include insolvency bonds, advertising, company searches, post redirection orders, postage, external room hire, external storage as well as public transport and accommodation costs incurred by staff whilst attending to the administration of the estate

- Postage will be charged at the first class postage rate prevailing
- The list as stated above is not exhaustive and any other external supplies and services, specifically identifiable to the case will also be recovered as a category 1 disbursement at cost
- All category 1 disbursements shall be shown in the abstract of accounts suffixed by ⁽¹⁾

Category 2 Disbursements

Category 2 disbursements are additional overheads that relate to the estate but are either not directly attributable to it, or the exact cost is not ascertainable and therefore cannot be precisely recharged

These expenses include, inter alia, stationery, photocopying and storage costs

Any authorised category 2 disbursements which have been charged shall be shown in the statutory abstract of accounts suffixed by ⁽²⁾

MACKENZIE GOLDBERG JOHNSON LIMITED**POLICY ON FEES, BILLING AND DISBURSEMENTS AS AT 1 JULY 2014**Mackenzie Goldberg
Johnson

The following are a current schedule of category 2 disbursements which may^(*) be charged by Mackenzie Goldberg Johnson Limited

- Mileage shall be recharged up to 50 pence per mile in accordance with the appropriate rates determined by the HM Revenue and Customs
- Destruction of boxes shall be recovered as a category 1 expense, and
- Fixed charge for the issue of each and every circular @ £1 per relevant party

(*) Mackenzie Goldberg Johnson Limited does not ordinarily seek to recover category 2 disbursements except for travel and business mileage directly attributable to the case, but reserves the right to do so, where such disbursements are substantial and appropriate sanction has been obtained

Disclosure of Use of Connected Parties

Please note that where it is necessary to use the services of an external agent who is associated to the Office Holder's business by way of common directors and/or shareholders, it is advised by law, that this shown as a category 2 disbursement. Kindly note that no additional profit element will be charged in regard to these services, if applicable

Charge Out Rates

A table of current hourly charge out rates are provided below

Charges for Usual Cases	Range (£)		Charges for Complex Cases	(£)
Partner/Director/Consultant	325		Partner/Director/Consultant	425
Assistant Manager/Manager	205	225	Assistant Manager/Manager	295
Senior Administrator/Administrator	175	190	Senior Administrator/Administrator	265
Cashier ^(#)	150		Cashier ^(#)	150
Support Staff	75		Support Staff	75

(#) Please note that time charged by our cashiers relates only to accounting matters relevant to the case

The basis upon which the Office Holder determines the appropriate charge out rate on the complexity of the case is detailed in the respective independent creditors' guides to fees, available to download from our company website www.mjgl.co.uk/site/creditors/guide-to-fees or by email from this office

Further, the Office Holder reserves the right to uplift both the hourly rates and category 2 disbursements periodically without further recourse to the creditors. By law, such increases must be disclosed to creditors within each statutory report

Support Staff

In an effort to minimise costs to the case, it is necessary to use support staff to undertake certain matters. Support staff time is charged in the same manner as technical staff on the rates outlined above

Recording of Fees

Time is formally recorded in prescribed categories in units of 6 minutes. All units of time properly spent, shall be recorded on a formal time management system and retained throughout appointment, irrespective of the basis of fees

Reporting of Fees

All reports and correspondence detailing fees incurred and indeed drawn will provide the legal basis upon which fees have been incurred and from whom sanction was given in relation to those fees

Such information shall be contained within statutory progress reports and be in the prescribed form. When providing such a report, under existing insolvency regulations, creditors are able to request further and better particulars of fees and disbursements where they believe further explanation is required

The exact basis of how requisite members and creditors may request such information will be attached with each statutory progress report subsequently issued

END OF POLICY

APPENDIX - MACKENZIE GOLDBERG JOHNSON LIMITED – FORMER FEE POLICIES

1 JANUARY 2014 TO 30 JUNE 2014

It is the policy of Mackenzie Goldberg Johnson Limited to seek approval to draw fees by reference to the time properly given by the Insolvency Practitioner and other staff in attending to matters arising in the case. The charge-out rates of all grades of staff, including principals, who are likely to be involved in assignments, are as follows

Staff Grade	Standard Rate per Hour (£) (Excluding VAT)	Complex Rate per Hour (£) (Excluding VAT)
Insolvency Practitioner	325	425
Manager	225	295
Assistant Manager	205	265
Senior Administrator	190	245
Administrator	175	225
Support Staff/Cashiering	75	100

Support staff and cashiering work is not charged via the hourly rates of insolvency practitioners, managers, assistant manager, senior administrators, or administrators. Support staff and cashiering work is charged directly on an hourly rate as above.

In line with industry guidelines set out in Statement of Insolvency Practice 9 (SIP 9), timesheets are recorded on a computerised system in 6 minute intervals.

Charge-out rates are subject to periodic review and are subject to change.

MACKENZIE GOLDBERG JOHNSON LIMITED – DISBURSEMENT POLICY

Category 1 Disbursements

It is not necessary to obtain specific resolution for the payment of category 1 disbursements. Category 1 disbursements are expenses that are directly identifiable in relation to the assignment.

Some examples of category 1 disbursements include, post redirection, advertising, bonding, Land Registry search fees, Companies House searches, specific travel costs, external room hire and external box storage.

Category 2 Disbursements

It is necessary to obtain a specific resolution for the payment of category 2 disbursements. Category 2 disbursements are expenses that are not directly identifiable in relation to the assignment. These expenses normally contain an element of shared or apportioned cost.

It is the policy of Mackenzie Goldberg Johnson Limited to seek approval for the following category 2 disbursements:

Item	Description	Rate
Internal Room Hire	Internal meeting room for statutory meetings	£100 per meeting
Stationary, Postage, Telephone, Fax, Photocopies	One off charge per assignment and then pro rata thereafter	£100 initial charge and £60 per annum pro rata for the length of the assignment
Mileage	Staff mileage used in connection with a specific assignment charged at HM Revenue & Customs mileage rate	45p per mile

PRIOR TO 1 JANUARY 2014

It is the policy of Mackenzie Goldberg Johnson Limited to seek approval to draw fees by reference to the time properly given (in six minute units) by the Insolvency Practitioner and other staff in attending to matters arising in the case. The charge-out rates of all grades of staff, including principals, who are likely to be involved in the case are as follows

Staff Grade	Rate per Hour (Excluding VAT)
Insolvency Practitioner	325
Insolvency Manager	225
Insolvency Administrator	175
Support Staff	75

Charge-out rates may be subject to change. It is the policy of Mackenzie Goldberg Johnson Limited to recover the following categories of costs arising in the case (known as 'Category Two Disbursements') which may include an element of shared or allocated costs as follows

Item	Charge	Rate
Paper	Per A4 Sheet	5p
Photocopier	Per A4 Sheet	5p
Envelopes	Each	10p
Postage	Package Rate	£1 50
Postage	Letter Rate	50p
Room Hire	Per 30 minute meeting	£50 00