

The Insolvency Act 1986

**Notice of result of meeting of Creditors**

Name of Company

Argentia Limited

Company number

05412153

In the  
High Court of Justice

(full name of court)

Court case number  
2771 of 2015(a) Insert full name(s)  
and address(es) of the  
administrator(s)

I/We (a)

Peter Hall  
Peter Hall Limited  
2 Venture Road  
Science Park  
Chilworth  
Southampton, SO16 7NPKatie Young  
Peter Hall Limited  
2 Venture Road  
Science Park  
Chilworth  
Southampton, SO16 7NP

hereby report that a meeting of the creditors of the above company was held at

(b) Insert place of  
meeting

(b) 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP

(c) Insert date of meeting

on (c) 29 June 2015 at which

\*Delete as applicable

~~\*1 Proposals/revised proposals were approved~~~~\*2 Proposals/revised proposals were modified and approved~~

The modification made to the proposals was as follows -

(d) Give details of the  
modifications (if any)

(d) The Company will move from Administration to Liquidation within 1 month following the meeting of creditors. Liquidation may be CVL in accordance with S83 Sch B1 or compulsory under Rule 4 7(7) Insolvency Rules 2010 as the administrator deems appropriate

The administrators put forward a variation request to the modification, being that they be allowed 3 months following the meeting of creditors to move the Company from Administration to Liquidation. This variation was approved

~~\*3 The proposals were rejected~~(e) Insert time and date of  
adjourned meeting~~\*4 The meeting was adjourned to (e)~~(f) Details of other  
resolutions passed~~\*5 Other resolutions (f)~~

1 That the Administrators' remuneration be agreed on a time cost basis, subject to approval by the creditors' committee, if appointed and by the creditors if no committee is appointed

2 That the Administrators' be authorised to draw on account without further reference to creditors their firm's internal expense, including mileage

3 That a creditors committee be appointed

4 That upon the Company either proceeding into Liquidation or dissolution, the Administrators are discharged from liability 14 days following either the Company entering into Liquidation or filing the notice of moving from Administration to dissolution

COMPANIES HOUSE

FRIDAY



\*A4AVJNOA\*

A21

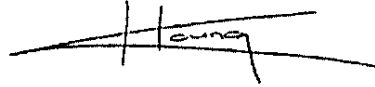
03/07/2015

#28

**Form 2.23B(CH) continued**

The revised date for automatic end to administration is N/A

A creditors' committee was not formed (No nominations received)



Signed

Joint Administrator

Dated

1 July 2015

\*Delete as applicable

A copy of the \*original proposals / ~~modified proposals~~ / ~~revised proposals~~ is attached for those who did not receive such documents prior to the meeting

# Peter Hall

Independent Business and Insolvency Advice

**Administrators Proposals  
pursuant to paragraph 49 (1) of Schedule B1 to the Insolvency Act 1986**

**10 June 2015**

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**Argentia Limited  
in Administration (“the Company”)**

## **Statutory Information**

Company	Argentia Limited - In Administration
Former Names	Countrywide Medical Staff Limited (23/06/2009) Euro Engineering Corporation Limited (24/04/2007)
Company Number	05412153
Date of Incorporation	4 April 2005
Activity	Provision of occupational therapy services
Court	In the High Court of Justice No 2771 of 2015
Registered Office	C/o Peter Hall Limited, 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP
Former Registered office	Unit 7, Firefly Road, Hamble Point Marina, School Lane, Hamble, SO31 4JD
Trading Address	170 High Street, Winchester, Hampshire, SO23 9BQ
Director(s)	Jonathan Munro Ford
Company Secretary	None
Share Capital	100 Ordinary £1 shares (Jonathan Munro Ford)
Date of the Administration	24 April 2015
Administration applied for	24 April 2015
Appointor	the Director
Administrators	<p>Peter Hall (IP No 3966) and Katie Young (IP No 15872) of Peter Hall Limited, 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP</p> <p>In accordance with P100(2) of Schedule B1 of the Insolvency Act 1986 a statement has been made authorising that all of the administrators' functions may be exercised by either administrator acting alone, or by both administrators acting jointly</p>
Date of Appointment	24 April 2015
EC Regulations	The administration constitutes 'main proceedings' under the EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) The company does not have branch operations in other EU member states

## **Introduction**

- 1 Peter Hall and Katie Young of Peter Hall Limited, 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP were appointed as Joint Administrators of the Company on 24 April 2015
- 2 We now write, pursuant to paragraph 49 (1) of Schedule B1 to the Insolvency Act 1986, to submit our proposals for achieving the objectives of the administration. This report contains the information required by Rule 2.33 of the Insolvency Rules 1986
- 3 This report should be read in conjunction with any other correspondence previously circulated

## **Summary**

- 4 We are advised that the Company provided payroll services to medical professionals working for the NHS and was responsible for the candidates' tax compliance. We are further advised that sometime before our appointment the business transferred to a connected company Wood (S E) Limited (formerly Eagle International (Europe) Limited) ("Wood S E"). Peter Hall and Katie Young were appointed as Joint Administrators of Wood S E on 24 April 2015
- 5 The Company is currently subject to a HM Revenue & Customs ("HMRC") investigation in respect of PAYE. The management accounts show that there is a potential PAYE and EIS liability of £978k
- 6 Pinsent Masons solicitors had been instructed to assist the Company with the HMRC enquiries and are owed £66,698.20 plus VAT. The HMRC enquiries are on-going
- 7 The management accounts show that the only assets are inter-company loans of £180k due from Argentia Management LLP and £634k due from Aurum Cannon LLP. The director, Jonathan Munro Ford ("the Director") is a Designated Member of both LLPs ("the LLPs"). Peter Hall and Katie Young were also appointed as Joint Administrators of the LLPs on 24 April 2015
- 8 The Administrators' Proposals in relation to Wood S E and the LLPs can be found on the website <http://www.peterhall.org.uk/notices>
- 9 The Joint Administrators will propose to investigate any related party transactions between the Company, Wood S E and the LLPs
- 10 We are advised that there are also on-going HMRC investigations in relation to Wood S E and the LLPs
- 11 It is unknown at this time if a dividend will become available to unsecured creditors as this will be dependent on whether any distributions become available from the Administration of the LLPs

## **Circumstances giving rise to the appointment of an Administrator(s)**

### **Company History**

- 12 We are advised that the Company provided payroll services to medical professionals working for the NHS and was responsible for the candidates' tax compliance. We are further advised that sometime before our appointment the business transferred to a connected company Wood (S E) Limited (formerly Eagle International (Europe) Limited) ("Wood S E"). Peter Hall and Katie Young were appointed as Joint Administrators of Wood S E on 24 April 2015.
- 13 The Company is currently subject to a HMRC investigation in respect of PAYE. The management accounts show that there is a potential PAYE and EIS liability of £978k.
- 14 Pinsent Masons solicitors had been instructed to assist the Company with the HMRC enquiries and are owed £66,698.20. The HMRC enquiries are on-going.
- 15 We are advised that the Company was coming under increasing creditor pressure and as a result of the transfer of the business the Company was unable to generate any income to meet its liabilities.

### **Source of Administrators' Initial Introduction**

- 16 The Director approached Andy Jay of Fiander Tovell LLP who advised the Director that he should seek professional advice and the Director met with our firm on 13 February 2015 to discuss the Company's options.

### **Alternative Courses of Action**

- 17 The Joint Administrators were unable to market the business as it had already transferred to Wood S E prior to our appointment.
- 18 The Company was unable to trade out of its financial difficulties as it was unable to generate any income due to the transfer of the business and was coming under increasing creditor pressure.
- 19 A Company Voluntary Arrangement ("CVA") was considered however as the Company was no longer trading it would have been unlikely to achieve a better result for creditors. It was also considered unlikely that HMRC would support a CVA as the Company was subject to HMRC investigations.
- 20 Creditors' Voluntary Liquidation was considered however the Company was coming under increasing pressure from creditors. In order to maximise the chance of any realisations from the inter-company loans and to reduce the costs of the Administration it was necessary to place the Company, Wood S E and the LLP's into Administration at the same time.
- 21 The Company, Wood S E and the LLPs all have common creditors (HMRC, Pinsent Mason and inter-company loans). The appointment of the same Administrators for each of the entities will make communications with the creditors and investigations into the affairs of the Company, Wood S E and the LLPs more efficient and is likely to achieve a better result for creditors overall.

**The manner in which the affairs and business of the company have been managed and financed since the date of the administrators' appointment**

- 22 The management accounts show that the only assets are inter-company loans of £180k due from Argentia Management LLP and £634k due from Aurum Cannon LLP. The director, Jonathan Munro Ford ("the Director") is a Designated Member of both the LLPs. Peter Hall and Katie Young were also appointed as Joint Administrators of the LLPs on 24 April 2015.
- 23 The business had transferred to Wood S E sometime prior to our appointment as Administrators. Peter Hall and Katie Young were appointed as Joint Administrators of Wood S E on 24 April 2015.
- 24 Since our appointment we have had meetings with the Company's director, accountants and discussions with creditors in order to obtain further information regarding the events in the lead up to the Administration.
- 25 We are still in the process of collating the Company's records in order to investigate the inter-company transactions.

**Receipts and Payments**

- 26 A summary of the Company's Receipts and Payments since the date of my appointment can be found at Appendix A.

**Financial position of the company**

**Statement of Affairs**

- 27 The administrators have requested a statement of affairs from the director in accordance with Rule 2.28 of the Insolvency Rules 1986.
- 28 In order to obtain a more accurate position of the Company's assets and liabilities the Administrators have agreed to extend the time limit for submitting the statement of affairs. This will allow time for the accounts to be prepared. The Administrators have agreed an initial extension to 30 June 2015.
- 29 There is currently insufficient financial information available for the Administrators to prepare an estimated outcome statement.
- 30 It is unknown at this time if a dividend will become available to unsecured creditors as this will be dependent on whether any distributions become available from the Administration of the LLPs.

**Registered Charges**

- 31 There are no charges registered at Companies House and we are not aware of any charges.

**Assets**

- 32 The management accounts show that the only assets are inter-company loans of £180k due from Argentia Management LLP and £634k due from Aurum Cannon LLP. The director, Jonathan Munro Ford ("the Director") is a Designated Member of both the LLPs. Peter Hall and Katie Young were also appointed as Joint Administrators of the LLPs on 24 April 2015.
- 33 It is unknown at this time if a dividend will become available to unsecured creditors from the Administrations of the LLPs.

- 34 The director has contributed £5,000 personally towards the costs of the Administration in accordance with our letter of engagement dated 17 April 2015. This amount has been received in full.

#### **Creditors' claims**

##### **Preferential Creditors**

- 35 We are not aware of any preferential claims in this Administration as the business had transferred prior to our appointment as Administrators.

##### **Fixed Charge Realisations**

- 36 We are not aware of any fixed charges and no charges are registered at Companies House.

##### **Floating Charge Realisations**

- 37 We are not aware of any floating charges and no charges are registered at Companies House.

##### **Unsecured Creditors**

- 38 A schedule of unsecured creditors is attached at Appendix B.
- 39 It is unknown at this time if a dividend will become available to unsecured creditors as this will be dependent on whether any distributions become available from the Administration of the LLPs.

#### **Prescribed Part**

- 40 Under the provisions of Section 176A of the Insolvency Act 1986 the administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies when a Company has granted a floating charge after 15 September 2003.
- 41 We are not aware of any floating charges and no charges are registered at Companies House. The prescribed part will therefore not apply.

#### **42 Objectives of the Administration**

- 43 Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986 ("the schedule") provides that the administrator of a company must perform his functions with the objective of

3(1)(a) Rescuing the company as a going concern, or

3(1)(b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or

3(1)(c) Realising property in order to make a distribution to one or more of the secured or preferential creditors

- 44 The administrator should perform his functions in the interests of the company's creditors as a whole and with the objective specified in subparagraph (1)(a) of the schedule unless he thinks either

44.1 That it is not reasonably practicable to achieve the objective, or

44.2 That the objective specified in paragraph (1)(b) of the schedule would achieve a better result for the company's creditors as a whole

- 45 The administrator may perform his functions with the objective specified in subparagraph (1)(c) of the schedule only if

45 1 He thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and

45 2 He does not unnecessarily harm the interests of the creditors of the company as a whole

In this case it was not possible to rescue the business as a going concern as the business had transferred prior to our appointment

46 The second objective, that of achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up was achievable because it maximised the potential value of the assets

47 Creditors' Voluntary Liquidation was considered however the Company was coming under increasing pressure from creditors. In order to maximise the chance of any realisations from the inter-company loans and to reduce the costs of the Administration it was necessary to place the Company, Wood S E and the LLP's into Administration at the same time

48 The Company, Wood S E and the LLPs all have common creditors (HMRC, Pinsent Mason and inter-company loans). The appointment of the same Administrators for each of the entities will make communications with the creditors and investigations into the affairs of the Company, Wood S E and the LLPs more efficient and is likely to achieve a better result for creditors overall

#### **Proposals to achieve the objective of the administration**

49 I propose that the following steps now be taken,

49 1 Continue to monitor the Administrations of the LLPs and receive any dividends that may become available

49 2 Investigate and, if appropriate, pursue any claims that the company may have

49 3 All such other actions and general exercise of the administrators' powers as we consider in our discretion necessary in order to achieve the purpose of the administration

49 4 If required by a resolution of the creditors in accordance with paragraph 58 of Schedule B1 to the Insolvency Act, establish a Creditors' Committee. The purpose of the committee will be to represent the interests of the creditors as a whole, and is required to perform certain statutory functions. In addition it may assist the administrators generally acting as a sounding board to obtain views on matters pertaining to the administration

49 5 Assuming one is formed, consult with the Creditors' Committee at appropriate intervals concerning the conduct of the administration. In my experience a creditors' committee can be extremely helpful where

- An intimate knowledge concerning the running of the business is required, or
- There is substantial dissatisfaction at the director's conduct, or
- It is likely that legal action will be required

#### **Exit routes from administration**

50 Administrators do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiries that are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator

- 51 Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Insolvency Act 1986 whereby on registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will be automatically placed into Creditors' Voluntary Liquidation
- 52 Paragraph 83(7) provides that the liquidator(s) for the purpose of the winding up shall be
- 52 1 A person(s) nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- 52 2 If no person(s) is nominated under paragraph (a), the administrator(s)
- 53 We confirm that as part of our proposals that we propose that we act as liquidators in the subsequent winding up of the Company. Creditors may nominate a different person(s) as the proposed liquidator(s) provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person(s) nominated as liquidator(s) takes effect by the creditors' approval, with or without modification, of the administrators' proposals
- 54 However, it may transpire that if realisations are below expectations the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Insolvency Act 1986. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will be automatically dissolved
- 55 Where the administrators send such a notice of dissolution to the Registrar of Companies, they must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company

#### **Investigation into the conduct of the directors**

- 56 The administrators are required to investigate the conduct of the director(s) and send a report to the Insolvency Service
- 57 If creditors have any matters they wish to bring to our attention they should do so in writing as soon as possible

#### **Administrators' remuneration and disbursements**

##### **Basis of Remuneration**

- 58 The Joint Administrators' remuneration is determined in accordance with Rule 2.106 of the Insolvency Rules as amended by the Enterprise Act 2002. We set out as Appendix C, as required by Statement of Insolvency Practice 9, a summary of the information required to enable the Committee to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case
- 59 The Creditors Committee (if any) should determine the basis of the remuneration of the administrators and their staff. The remuneration shall be fixed either
- 59 1 As a percentage of the value of the property with which they have to deal, or
- 59 2 By reference to the time properly given by the administrators and their staff in attending to matters arising in the administration ("time costs"), or
- 59 3 As a set amount, or
- 59 4 A combination of any of the above

- 60 It is our normal practice to seek time costs as the basis for our remuneration and we propose this basis for this matter
- 61 The director has contributed £5,000 personally towards the costs of the Administration in accordance with our letter of engagement dated 17 April 2015 This amount has been received in full

#### **Considerations**

- 62 In arriving at that determination, regard shall be given to the following matters
- 62 1 The complexity (or otherwise) of the case,
- 62 2 Any respects in which, in connection with the company's affairs, there falls on the administrators any responsibility of an exceptional kind or degree,
- 62 3 The effectiveness with which the administrators appear to be carrying out, or to have carried out, their duties as such, and
- 62 4 The value and nature of the property with which they have to deal
- 63 In this case we anticipate that the administrators' time costs will be in the region of £30,000 (excluding VAT) Out of pocket expenses are charged at cost Mileage is charged at standard rates, which comply with Inland Revenue limits, or AA recommended rates
- 64 A schedule of our firms charge out rates is attached as Appendix D In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case Peter Hall Limited reserves the right to change the rates and grade structure
- 65 We are not aware of any preferential or secured creditors in this Administration and in the event that no creditors committee is formed the basis of the administrators' remuneration will be fixed by a resolution of a meeting of creditors

#### **Time costs incurred to date**

- 66 Attached as Appendix E is a breakdown of the time costs incurred since the date of our appointment
- 67 You will note that our firm has spent 9 hours dealing with matters arising during the course of the Administration, incurring total chargeable costs of £1,860 which provides an average charge out rate of £206 67 per hour We have not drawn any fees as administrators to date

#### **Administrators' Disbursements**

##### **Category 2 Disbursements**

- 68 No category 2 expenses have been incurred or paid during the period

##### **Costs and Expenses**

- 69 The following expenses have been incurred during the Administration and paid by our firm

<b>Category</b>	<b>Amount £</b>
Bordereau Insurance	165 00
Statutory Advertising	51 00
	<u>216 00</u>

70 These expenses have not yet been recovered

71 Should you require any further explanation about these expenses please contact my colleague Kevin Beech in the first instance

#### **Work Undertaken**

72 Time has necessarily been spent in dealing with various matters in the Administration. Matters that have been dealt with in the period which are specific to this Administration include but are not limited to the following

72.1 Meetings with the Company's director and accountants

72.2 Discussions with creditors

72.3 Circulating the notice of our appointment as Administrators to the Company's Creditors

72.4 Filing statutory forms with the Registrar of Companies

72.5 Advertising notice of our appointment as Administrators with the London Gazette

72.6 Carrying out our firm's internal progress reviews of the administration

72.7 Preparing our proposals to creditors and calling a meeting of creditors to approve the proposals

73 It is the Administrators' policy to delegate the routine administration to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff of the firm and the Administrators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Administrators

74 Examples of work done by our firm are attached as Appendix F

#### **Pre-appointment costs**

75 Rule 2.33(2B) of the Insolvency Rules 1986 sets out the information to be provided in respect of pre-appointment costs

76 It was agreed with the Director in accordance with our letter of engagement dated 17 April 2015 that we would not charge any fees for the work carried out prior to our appointment

#### **Pre-appointment Expenses**

77 No expenses were incurred or paid prior to our appointment as Administrators

#### **EC Regulations on Insolvency Proceedings**

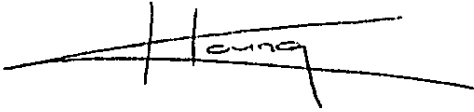
78 We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to this Administration. In this particular case the EC Regulations will apply and the proceedings will be main proceedings as provided by Article 3 of the regulations

#### **Creditors' Meeting**

79 A meeting of creditors is to be convened at these offices on 29 June 2015 at 11.30am to consider the proposals set out above. We enclose formal notice of that meeting on Form 2.20B together with a proxy form and Proof of Debt

## Conclusion

80 That concludes our proposals. If you have any queries please do not hesitate to contact us



Katie Young  
Joint Administrator

Dated this 10th day of June 2015

## Quality of Service

Our firm places a high priority on client service and is keen to ensure that the quality of this is maintained. If at any time you would like to discuss with us how our firm's service to you could be improved or if you are dissatisfied with the service you are receiving please let us know by telephoning us. We will undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction, you may of course take up the matter with our regulatory body.

Peter Hall's Insolvency Practitioner number is 3966 and Katie Young's number is 15872. We are licensed by The Institute of Chartered Accountants in England and Wales. Complaints can be made to our regulatory body through the Insolvency Practitioner Complaints Gateway by visiting the website <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> or by email, telephone or post using the contact details below.

Email [ip.complaints@insolvency.gsi.gov.uk](mailto:ip.complaints@insolvency.gsi.gov.uk)

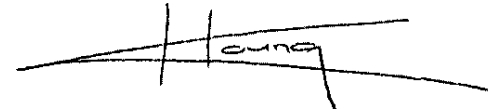
Telephone Number 0845 6029848

Address The Insolvency Service, IP Complaints, 3<sup>rd</sup> Floor, 1 City Walk, Leeds LS11 9DA

**Argentia Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

**Appendix A**

Statement of Affairs	From 24/04/2015 To 10/06/2015	From 24/04/2015 To 10/06/2015
ASSET REALISATIONS		
5,000 00	5,000 00	5,000 00
Directors Contributions to Costs	5,000 00	5,000 00
<hr/>		
5,000.00	5,000.00	5,000.00
<hr/>		
REPRESENTED BY		
Bank 1 Current		
		5,000.00
		5,000.00



Katie Young  
Joint Administrator

Argentia Limited

Appendix B

B - Company Creditors

Key	Name	Address	£
CA00	Argentia Management LLP - In Administration	C/o Peter Hall Limited , 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP	Uncertain
CA01	Aurum Cannon LLP - In Administration	C/o Peter Hall Limited, 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP	Uncertain
CA02	Desiree Uhl	55 Baker Street, London, W1U 7EU	Uncertain
CB00	BDO LLP	Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	Uncertain
CH00	HM Revenue & Customs - PAYE/EIS/VAT	30 Crown Place, London, EC2A 4ES	Uncertain
CP00	Pinsent Masons LLP		66,698 20
CS00	Marco Souto Villar		Uncertain
CW00	Wood (S E) Limited - In Administration	C/o Peter Hall Limited , 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP	Uncertain
<b>8 Entries Totalling</b>			<b>66,698.20</b>

**Where Petition Presented or Appointment Made On or After 15 September 2003**

**England and Wales**

**1 Introduction**

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually 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 administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

**2 The nature of administration**

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

- Rescuing the company as a going concern, or
- Achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

Or, if the administrator thinks neither of these objectives is reasonably practicable

- Realising property in order to make a distribution to secured or preferential creditors

**3 The creditors' committee**

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

**4 Fixing the administrator's fees**

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.106 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 administrator,

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with

4 2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator

4 3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets

In this case, if there is not creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- Each secured creditor of the company, or
- If the administrator has made or intends to make a distribution to preferential creditors –
  - each secured creditor of the company and
  - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval, having regard to the same matters as the committee would

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company

4 4 A resolution of creditors may be obtained by correspondence

## **5 What information should be provided by the administrator?**

### **5 1 When seeking fee approval**

5 1 1 When seeking agreement to his fee the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- The nature of the approval being sought,
- The stage during the administration of the case at which it is being sought, and
- The size and complexity of the case

5 1 2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case

5 1 3 Where the administrator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case

5 1 4 The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case

5.1.5 That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above

5.1.6 To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity 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 explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- 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

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases

5.1.7 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by a administrator or his staff

## **5.2. After fee approval**

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should

also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out

### **5.3. Expenses and disbursements**

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposed to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

### **6 What if a creditor is dissatisfied?**

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

### **7 What if the administrator is dissatisfied?**

- 7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's 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 as an expense of the administration.

### **8 Other matters relating to fees**

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

### **9 Provision of information – additional**

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a 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 administrator 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

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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 administrator'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 administrator, and requests must be made within two years from vacation of office

## Appendix D

### Fees and Disbursements

A schedule of Peter Hall's charge out rates effective from the 1 December 2012 is as follows -

Time incurred by	Rate per hour £		
	From 01/12/2012	From 01/12/2013	From 01/12/2014
Insolvency Practitioner / Director	£275	£295	£315
Insolvency Manager	£175	£175	£185
Senior Administrator	£160	£160	£170
Administrator	£110	£110	£120
Junior	£75	£75	£80

The charge-out rates are subject to periodic reviews and change

Please be advised that the minimum unit of time recorded is 6 minutes

### Disbursements

There are two types of disbursements, direct disbursements (known as category one) and indirect disbursements (known as category two)

Category one disbursements do not require approval by creditors. Typically, these include external supplies of incidental services specifically identifiable to the case, such as postage, advertising, invoiced travel and external printing, room hire, insolvency bond and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category two disbursements do require creditor approval and include elements of shared or allocated costs. Peter Hall's current disbursement policy is

Mileage – this is reimbursed at 45p per mile, plus 5p per passenger per mile

All other disbursements are reimbursed at cost

## Time Entry - Detailed SIP9 Time &amp; Cost Summary

ARGE156A - Argentia Limited  
To: 10/06/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
113 Appointment notification	0.50	2.50	0.00	0.00	3.00	620.00	206.67
114 Maintenance of records	0.00	0.50	0.00	0.00	0.50	92.50	185.00
116 Annual and internal reviews	0.60	0.90	0.00	0.00	1.50	355.50	237.00
310 Administrative set up	0.00	3.00	0.00	0.00	3.00	555.00	185.00
401 Administration and planning	0.40	0.00	0.00	0.00	0.40	126.00	315.00
Administration & Planning	1.50	6.90	0.00	0.00	8.40	1,749.00	208.21
510 Creditors claims	0.00	0.10	0.00	0.00	0.10	18.50	185.00
Creditors	0.00	0.10	0.00	0.00	0.10	18.50	185.00
217 SIP 2 review	0.00	0.50	0.00	0.00	0.50	92.50	185.00
Investigation and reporting	0.00	0.50	0.00	0.00	0.50	92.50	185.00
Total Hours	1.50	7.50	0.00	0.00	9.00	1,860.00	206.67
Total Fees Claimed						0.00	

## **Appendix F**

### **Standard activity**

### **Examples of work**

#### **Administration and planning**

Case planning  
Administrative set up  
Appointment notification  
Maintenance of records  
Statutory reporting  
Annual and internal reviews  
Setting up and maintaining bank account

#### **Investigations**

Meetings with the Company's director and accountants  
Discussions with Creditors

#### **Realisation of assets**

Identifying, securing, insuring assets  
Liaising with Agents  
Property, business and asset sales  
Monitoring and chasing of deferred sale consideration

#### **Creditors**

Communication with creditors  
Recording and maintaining the list of Creditors  
Dealing with Creditors claims