

AM23

Notice of move from administration to dissolution



Companies House

SATURDAY



A8ZCA7NV

A04

22/02/2020

#82

COMPANIES HOUSE

1 Company details

Company number 0 6 4 1 4 1 1 2

Company name in full Widnes Sport Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name Business and Property Courts in Leeds Insolvency

Court number 2 0 1 9 - 2 3 3 2 0 1 9

3 Administrator's name

Full forename(s) Peter

Surname O'Hara

4 Administrator's address

Building name/number Wesley House

Street Huddersfield Road

Post town Birstall, Batley

County/Region West Yorkshire

Postcode W F 1 7 9 E J

Country

AM23

Notice of move from administration to dissolution

5 Administrator's name ●

Full forename(s)

Christopher

Surname

Brooksbank

● Other administrator

Use this section to tell us about another administrator.

6 Administrator's address ●

Building name/number

Moorend House

Street

Snelsins Lane

Post town

Cleckheaton

County/Region

West Yorkshire

Postcode

B D 1 9 3 U E

Country

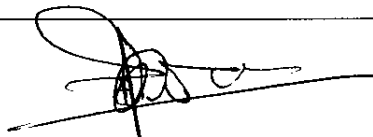
● Other administrator

Use this section to tell us about another administrator.

7 Final progress report☒ I have attached a copy of the final progress report**8 Sign and date**Administrator's
signature

Signature

X



X

Signature date

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AM23

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Mike Sharp**

Company name **O'Hara & Co**

Address **Wesley House**
Huddersfield Road

Post town **Birstall, Batley**

County/Region **West Yorkshire**

Postcode **W F 1 7 9 E J**

Country

DX **insol@ohara.co.uk**

Telephone **01924 477449**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Widnes Sport Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 22/02/2019 To 21/02/2020 £	From 22/02/2019 To 21/02/2020 £
	ASSET REALISATIONS	
	Bank Interest Gross	87.08
25,000.00	Book Debts	21,411.24
	Cash at Bank	20.00
786.31	Cash in Hand	875.89
10,500.00	Goodwill	10,500.00
3,500.00	Intellectual Property	3,500.00
NIL	Leasehold Improvements	NIL
1,000.00	Motor Vehicles	1,000.00
3,500.00	Office Equipment	3,500.00
1,000.00	Stock	1,000.00
	Transfer fees	30,000.00
		<u>71,894.21</u>
	COST OF REALISATIONS	
	Accountants Costs	300.00
	Court Fees	50.00
	Disbursements	436.27
	Insurance of Assets	280.00
	Joint Administrator's Disbursements	753.15
	Joint Administrator's Remuneration	32,284.52
	Legal Fees	5,000.00
	Remuneration	32,284.52
	Specific Bond	428.00
	Statutory Advertising	77.75
		<u>(71,894.21)</u>
	PREFERENTIAL CREDITORS	
(21,028.96)	Employee Arrears/Hol Pay	NIL
(7,970.24)	Pension Schemes	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(42,992.72)	Employees	NIL
(75,000.00)	HM Revenue & Customs (PAYE/NIC)	NIL
(5,000.00)	HM Revenue & Customs (VAT)	NIL
(20,216.25)	Pension Schemes	NIL
(465,322.97)	Trade & Expense Creditors	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(1,200.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(593,444.83)		0.00
	REPRESENTED BY	
		<u><u>NIL</u></u>


Peter O'Hara
Joint Administrator

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS IN LEEDS
LEEDS DISTRICT REGISTRY**

233 of 2019

**WIDNES SPORT LIMITED T/A WIDNES VIKINGS
In Administration
("the Company")**

Administrators' Final Progress Report

**Pursuant to Schedule B1 paragraph 84(1) of the
Insolvency Act 1986 and Rule 3.61(4) of the
Insolvency (England and Wales) Rules 2016**

21 February 2020

Contents

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- 2 Background
- 3 Progress of the Administration
- 4 Investigations
- 5 Creditors
- 6 Administrators' Time Costs
- 7 Request for Further Information

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- II Administrators' Abstract of Receipts and Payments from 22 August 2019 to 21 February 2020 together with cumulative Receipts and Payments
- III Administrators' Post-Appointment Time Costs from 22 August 2019 to 21 February 2020 together with cumulative Time Costs
- IV Creditors Guide to Administrators' Fees

1. INTRODUCTION

- 1.1 Peter O'Hara and Christopher Brooksbank were appointed as the Joint Administrators of the Company on 22 February 2019 by the Directors pursuant to paragraph 22(2) of Schedule B1 to the Insolvency Act 1986 (the "Act").
- 1.2 Peter O'Hara (IP No 6371) and Christopher Brooksbank (IP No 9658) are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.
- 1.3 The Administrators have now concluded their administration and have determined that the Company has no property which might permit a distribution to its creditors. In accordance with paragraph 84(1) of the Insolvency Act 1986, a notice to that effect has been sent to the Registrar of Companies and this report has been prepared to accompany that notice in accordance with Rule 3.61(4) of the Insolvency (England & Wales) Rules 2016
- 1.4 The requisite statutory information in respect of the Company is attached at Appendix I.

2. BACKGROUND

- 2.1 As previously reported, the Company carried on business as a rugby league club. The Company operated and was based at the Halton Stadium at Widnes.
- 2.2 A history of the events leading up to the appointment of Administrators was set out in the Administrators' proposals dated 12 April 2019. It is not proposed to set out those details in this report except to reiterate that the Administrators came to the view that of the three possible purposes of an administration as set out in paragraph 3(2) of Schedule B1 of the Insolvency Act 1986, achieving a better result for the Company's creditors than if the Company was wound up applied. Whilst no distribution to creditors is to be made, this was a realistic possibility at the time of Company entering into administration. The administration has ensured that rugby league continues to be played at Widnes. This would not have been possible if the Company had been placed into liquidation. The administration also enabled the Company to collect the sum of £30,000 for transfer fees which would not have been available had the company been placed into liquidation and the sum of £10,500 for the goodwill of the business which would otherwise also have been unrealisable.
- 2.3 A sale was agreed, which enabled the Administrators to realise the business and assets of the company to Widnes Rugby League Club Limited with minimum disruption to the fixtures at that time.
- 2.4 For the avoidance of any doubt, this was not a situation where a sale had been negotiated in advance of the administration (a pre-pack sale). At the date of administration, there were no offers on the table and the sale has been negotiated under extremely tight timescales.

3. PROGRESS OF THE ADMINISTRATION

- 3.1 A six month report was delivered to creditors on 5 September 2019. The following additional information should be brought to the attention of creditors in respect of developments since the report.

3.2 Business and Assets

3.2.1 Book Debts

Since the previous report, the Administrators have collected further debts in a total sum of £2,563.71. This brings the total collected to £21,411.24 as compared to the estimated to realise figure of £25,000 set out in the Directors' statement of affairs. The Administrators are not expecting any further monies to be collected by way of book debts.

3.2.2 **Transfer Fees**

As mentioned previously, the Administrators were successful in obtaining a transfer fee of £30,000 plus VAT in respect of two academy players in line with the RFL's criteria for compensation regarding academy players. No further realisations of this nature are anticipated.

3.2.3 **Sale of the Business**

The business was sold for the sum of £19,500 as previously reported. No further payments have been made or are expected arising out of that sale.

3.2.4 **Other Assets**

At the date of the joint appointment, there was a parachute payment due from the Super League following the Club's relegation at the end of the previous season and central funding from the RFL. No such payment has been received and none is now expected.

The Administrators collected £20 petty cash

The sum of £71.07 has been received for bank interest gross during the period of this report bringing the total of £87.08 received during the period of the administration.

4. **INVESTIGATIONS**

- 4.1 As previously reported, the administrators have conducted investigations in line with Statement of Insolvency Practice 2. No additional evidence has been uncovered to suggest any financial irregularities or other misconduct on the part of the directors and officers of the company. An appropriate report has been submitted to the Department for Business Energy and Industrial Strategy in this regard. Please note that the contents of this report are strictly confidential and cannot be divulged to creditors.

5. **CREDITORS**

5.1 **Secured**

There are no secured creditors.

5.2 **Preferential**

No claim has been submitted by the Redundancy Payments Services to date for any payments made to former employees. However, as there are no funds to meet any creditor claims the Administrators do not propose to pursue a claim from the Redundancy Payments Services.

5.3 **Unsecured**

As per the Directors' signed statement of affairs, the unsecured creditors total £608,531. To date claims in the total sum of £518,531 have been received.

5.4 **Notice of no Dividend**

Pursuant to Rule 14.37 of the Insolvency Rules 2016, I can confirm no dividend will be payable to any class of creditor.

6. ADMINISTRATORS' REMUNERATION

6.1 Pre Administration Costs

The Administrators' proposals provided:

That in the event no creditors' committee is formed, the Administrators will be authorised to draw their pre-appointment time costs of £8,957 plus VAT from the assets of the Company as an expense of the Administration.

No creditors' committee was formed and creditors approved the above resolution without amendment. In view of the shortage of funds to meet the costs of the administration, these fees have not been paid as a separate item and have been included in the final split of remuneration between the joint administrators

6.2 Post Appointment Costs

Post appointment time costs are reflected in the attached Statement of Insolvency Practice 9 time costs summary and total £69,822.50.

As can be seen from the attached summary of receipts and payments, the Joint Administrators have agreed to split the available funds equally. There were insufficient realisations to meet all of the costs incurred. The fees paid are within the fees estimate previously approved by creditors.

6.3 Expenses

6.3.1 Legal Fees

Clarion Solicitors have assisted with the Administration process and in particular the sale of the business.

A fee of £5,000 has been paid for their services.

6.3.2 Accountants' Fees

A fee of £300 was incurred with Bramwell Morris in respect of payroll matters.

6.3.3 Other Expenses

Other expenses incurred are:

	£
Specific bond	428.00
Statutory advertising	77.75
Insurance of assets	280.00
	<u>785.75</u>

The Administrators have also incurred Category 2 disbursements as defined by SIP 9 in the sum of £1,048.47. This relates to the following:

	£
Court fee	50.00
Motor expenses (parking/mileage)	740.40
Telephone charges	63.52
Postage	194.55

7. REQUEST FOR FURTHER INFORMATION

- 7.1 In accordance with Rule 18.9 of the Insolvency (England and Wales) Rules 2016, creditors with the concurrence of at least 5% in value of the general body of unsecured creditors are entitled to request further information relating to the Administrators' remuneration and expenses. Such requests must be made within 21 days of receipt of this report. In the event that the requesting creditor does not hold a concurrence of at least 5% an application to court may be made to obtain the necessary permission. Such applications need to be made within 21 days of this report.
- 7.2 In addition to the above and in accordance with Rule 18.34 of the Insolvency (England and Wales) Rules 2016, creditors are entitled to make a claim that the Administrators' remuneration and/or expenses are excessive. Such claims should be made in the form of an application to court no later than 8 weeks after this progress report has been received.

8. ENDING THE ADMINISTRATION

The Administrators have now concluded their administration and have determined that the Company has no property which might permit a distribution to its creditors. In accordance with paragraph 84(1) of the Insolvency Act 1986, a notice to that effect has been sent to the Registrar of Companies. Once the notice has been entered onto the register, the Administrators' appointment shall cease to have effect. At the end of the period of three months beginning with the date of the registration of the notice, the Company will be deemed to be dissolved.

Yours faithfully



P O'Hara
Joint Administrator

Peter O'Hara is authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association and is bound by the Insolvency Code of Ethics. When acting as Administrator, the affairs, business and property of the company are being managed by the Administrator who acts as agent of the company and contract without personal liability

Statutory Information

Date of Incorporation:	31 October 2007										
Registered Number:	06414112										
Registered Office:	Moorend House Snelsins Lane Cleckheaton West Yorkshire BD19 3UE										
Trading Address:	Halton Stadium Widnes WA8 7DZ										
Principal Activity:	Rugby League										
Shareholders:	<table><tbody><tr><td>Stephen Phillip O'Connor</td><td>301</td></tr><tr><td>James Thomas Rule</td><td>299</td></tr><tr><td>Brian Daniel O'Connor</td><td>200</td></tr><tr><td>Roderick Charles Snedden</td><td>250</td></tr><tr><td>Matthew Paul Beech</td><td>150</td></tr></tbody></table>	Stephen Phillip O'Connor	301	James Thomas Rule	299	Brian Daniel O'Connor	200	Roderick Charles Snedden	250	Matthew Paul Beech	150
Stephen Phillip O'Connor	301										
James Thomas Rule	299										
Brian Daniel O'Connor	200										
Roderick Charles Snedden	250										
Matthew Paul Beech	150										
Director:	Stephen Phillip O'Connor James Thomas Rule Brian Daniel O'Connor Roderick Charles Snedden Richard James Munson										
Date of Appointment of Administrator:	22 February 2019										
Date of delivery of Proposals to creditors:	12 April 2019										

Appendix II

Administrators' Abstract of Receipts and Payments from 22 August 2019 to 21 February 2020 together with cumulative Receipts and Payments

Widnes Sport Limited
(In Administration)
Joint Administrators' Summary of Receipts and Payments

RECEIPTS	Statement of Affairs (£)	From 22/02/2019 To 21/08/2019 (£)	From 22/08/2019 To 21/02/2020 (£)	Total (£)
Office Equipment	3,500.00	3,500.00	0.00	3,500.00
Motor Vehicles	1,000.00	1,000.00	0.00	1,000.00
Stock	1,000.00	1,000.00	0.00	1,000.00
Book Debts	25,000.00	18,847.53	2,563.71	21,411.24
Cash at Bank		0.00	20.00	20.00
Bank Interest Gross		16.01	71.07	87.08
Leasehold Improvements	NIL	0.00	0.00	0.00
Cash in Hand	786.31	875.89	0.00	875.89
Transfer fees		30,000.00	0.00	30,000.00
Goodwill	10,500.00	10,500.00	0.00	10,500.00
Intellectual Property	3,500.00	3,500.00	0.00	3,500.00
		69,239.43	2,654.78	71,894.21

PAYMENTS

Specific Bond		428.00	0.00	428.00
Remuneration		0.00	32,284.52	32,284.52
Joint Administrator's Remuneration		0.00	32,284.52	32,284.52
Disbursements		0.00	436.27	436.27
Joint Administrator's Disbursements		0.00	753.15	753.15
Court Fees		0.00	50.00	50.00
Legal Fees		0.00	5,000.00	5,000.00
Accountants Costs		300.00	0.00	300.00
Statutory Advertising		77.75	0.00	77.75
Insurance of Assets		280.00	0.00	280.00
Employee Arrears/Hol Pay	(21,028.96)	0.00	0.00	0.00
Pension Schemes	(7,970.24)	0.00	0.00	0.00
Trade & Expense Creditors	(465,322.97)	0.00	0.00	0.00
Employees	(42,992.72)	0.00	0.00	0.00
HM Revenue & Customs (PAYE/NIC)	(75,000.00)	0.00	0.00	0.00
HM Revenue & Customs (VAT)	(5,000.00)	0.00	0.00	0.00
Pension Schemes	(20,216.25)	0.00	0.00	0.00
Ordinary Shareholders	(1,200.00)	0.00	0.00	0.00
		1,085.75	70,808.46	71,894.21

Net Receipts/(Payments)	68,153.68	(68,153.68)	0.00
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MADE UP AS FOLLOWS

Bank 1 Current	74,078.13	(74,078.13)	0.00
VAT Receivable / (Payable)	(5,924.45)	5,924.45	0.00
	68,153.68	(68,153.68)	0.00

Appendix III

Administrators' Post-Appointment Time Costs from 22 August 2019 to 21 February 2020 together with cumulative Time Costs

Time Entry - SIP9 Time & Cost Summary

W692 - Widnes Sport Limited
All Post Appointment Project Codes
From: 22/02/2019 To: 21/02/2020

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	43.70	0.00	5.30	15.30	64.30	21,135.00	328.69
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	5.20	0.00	11.20	18.80	35.20	9,255.00	262.93
Investigations	2.60	0.00	0.00	2.00	4.60	1,425.00	309.78
Realisation of Assets	0.00	0.00	0.60	28.50	29.10	6,592.50	226.55
Trading	0.50	0.00	0.00	1.50	2.00	525.00	262.50
Total Hours	52.00	0.00	17.10	66.10	135.20	38,932.50	287.96
Total Fees Claimed						32,284.52	
Total Disbursements Claimed						375.12	

Time Entry - SIP9 Time & Cost Summary

All Disbursements

W692 - Widnes Sport Limited
From: 22/02/2019 To: 21/02/2020

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest.

Transaction Date	Type and Purpose	Disbursement Category	Amount
22/02/2019	Court Fee: PC210 Court Fee	Category 2	50.00
22/02/2019	Motor Expenses: PC211 Parking chg Leeds CC	Category 2	2.80
27/02/2019	Motor Expenses: PC213 Mileage	Category 2	84.00
28/02/2019	Motor Expenses: PC213 Mileage	Category 2	84.00
01/03/2019	Motor Expenses: PC213 Mileage	Category 2	21.00
22/03/2019	Telecom Expenses: DN11009 mobile phone	Category 2	52.61
26/03/2019	Motor Expenses: DN11011 mileage	Category 2	70.00
22/06/2019	Telecom Expenses: DN11026 Mobile Chgs	Category 2	10.91
Total			375.12

Time Entry - SIP9 Time & Cost Summary

W692 - Widnes Sport Limited
All Post Appointment Project Codes
From: 22/08/2019 To: 21/02/2020

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.60	0.00	2.50	1.40	7.50	2,415.00	322.00
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	1.00	0.00	1.00	300.00	300.00
Investigations	0.30	0.00	0.00	0.00	0.30	112.50	375.00
Realisation of Assets	0.00	0.00	0.60	0.00	0.60	180.00	300.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	3.90	0.00	4.10	1.40	9.40	3,007.50	319.95
Total Fees Claimed							32,284.52
Total Disbursements Claimed							375.12

Time Entry - Detailed SIP9 Time & Cost Summary

W702 - Widnes Sport Limited t/a Widnes Vikings
From: 22/02/2019 To: 21/02/2020
All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : 100 - Administration & Planning	0.00	14.00	0.00	1.50	15.50	3,025.00	195.16
102 : 102 - Administrative set-up	0.00	0.00	0.00	0.80	0.80	120.00	150.00
103 : 103 - General Admin	2.00	0.00	0.50	0.40	2.90	775.00	267.24
104 : 104 - Maintenance of records	0.00	2.00	0.00	0.00	2.00	400.00	200.00
105 : 105 - Statutory reporting	5.00	4.00	0.00	0.00	9.00	2,300.00	255.56
106 : 106 - Cashiering	0.00	0.00	0.00	2.40	2.40	360.00	150.00
107 : 107 - Reviews	2.70	3.40	0.00	0.00	6.10	1,490.00	244.26
Administration & Planning	9.70	23.40	0.50	5.10	38.70	8,470.00	218.86
600 : 600 - Case Specific	0.00	4.40	0.00	0.00	4.40	880.00	200.00
Case specific matters	0.00	4.40	0.00	0.00	4.40	880.00	200.00
500 : 500 - Creditors	0.00	3.00	0.00	0.20	3.20	630.00	196.87
501 : 501 - Communication	0.30	0.00	0.00	0.00	0.30	90.00	300.00
503 : 503 - Employees	6.30	4.30	0.00	0.00	10.60	2,750.00	259.43
Creditors	6.60	7.30	0.00	0.20	14.10	3,470.00	246.10
234 : 234 - General Investigations	5.50	0.00	0.00	0.00	5.50	1,550.00	300.00
Investigations	5.50	0.00	0.00	0.00	5.50	1,550.00	300.00
300 : 300 - Realisation of assets	0.00	15.90	0.00	0.00	15.90	3,180.00	200.00
301 : 301 - Identify, securing, insuring	0.00	0.20	0.00	0.00	0.20	40.00	200.00
303 : 303 - Debt collection	0.00	3.00	0.00	0.00	3.00	600.00	200.00
304 : 304 - Sale of prop, bus and ass	36.50	0.00	0.00	0.00	36.50	10,950.00	300.00
306 : 306 - Landlords	2.00	0.00	0.00	0.00	2.00	600.00	300.00
Realisation of Assets	38.50	19.10	0.00	0.00	57.60	15,370.00	266.84
401 : 401 - Management of operations	3.50	0.00	0.00	0.00	3.50	1,050.00	300.00
Trading	3.50	0.00	0.00	0.00	3.50	1,050.00	300.00
Total Hours	63.80	54.20	0.50	6.30	123.80	30,890.00	249.52
Total Fees Claimed						32,284.52	

Time Entry - SIP9 Time & Cost Summary

Category 2 Disbursements

W702 - Widnes Sport Limited t/a Widnes Vikings
 All Post Appointment Project Codes
 From: 22/02/2019 To: 21/02/2020

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest.

Transaction Date	Type and Purpose	Amount
27/02/2019	Reports to Creditors: DNS057 Report to Creditors	176.40
28/02/2019	Letter to Employees: DNS058 Letter to Employees	18.15
22/02/2019	Motor Expenses: DNS069 Mileage	70.80
25/02/2019	Motor Expenses: DNS069 Mileage	79.80
26/02/2019	Motor Expenses: DNS069 Mileage	79.80
27/02/2019	Motor Expenses: DNS069 Mileage	79.80
28/02/2019	Motor Expenses: DNS069 Mileage	79.80
21/03/2019	Motor Expenses: DNS069 Mileage	79.80
Total		673.35

Time Entry - Detailed SIP9 Time & Cost Summary

W702 - Widnes Sport Limited t/a Widnes Vikings
From: 22/08/2019 To: 21/02/2020
All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
103 : 103 - General Admin	0.50	0.00	0.00	0.30	0.80	187.50	234.38
104 : 104 - Maintenance of records	0.00	0.20	0.00	0.00	0.20	40.00	200.00
105 : 105 - Statutory reporting	2.00	0.00	0.00	0.00	2.00	600.00	300.00
106 : 106 - Cashiering	0.00	0.00	0.00	1.30	1.30	195.00	150.00
Administration & Planning	2.50	0.20	0.00	1.60	4.30	1,022.50	237.79
500 : 500 - Creditors	0.00	0.50	0.00	0.00	0.50	100.00	200.00
Creditors	0.00	0.50	0.00	0.00	0.50	100.00	200.00
300 : 300 - Realisation of assets	0.00	1.50	0.00	0.00	1.50	300.00	200.00
303 : 303 - Debt collection	0.00	0.10	0.00	0.00	0.10	20.00	200.00
304 : 304 - Sale of prop. bus and ass	0.50	0.00	0.00	0.00	0.50	150.00	300.00
Realisation of Assets	0.50	1.60	0.00	0.00	2.10	470.00	223.81
Total Hours	3.00	2.30	0.00	1.60	6.90	1,592.50	230.80
Total Fees Claimed						32,284.52	

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES 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, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

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 Remuneration

4.1 Basis

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:

- as a percentage of the value of the property which the administrator has to deal with;
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration; 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 administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator

4.2 Advance information where remuneration not based on time costs

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

4.3 Fees estimates where remuneration to be based on time costs

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

- details of the work the administrator and his staff propose to undertake;
- the hourly rate or rates the administrator and his staff propose to charge for each part of that work;
- the time the administrator anticipates each part of that work will take;

- whether the administrator anticipates it will be necessary to seek approval or further approval under the Rules; and
- the reasons it will be necessary to seek such approval.

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

The fees estimate and details of expenses may include remuneration anticipated to be charged and expenses anticipated to be incurred if the administrator becomes the liquidator where the administration moves into winding up.

4.4 Who fixes the remuneration

It is for the creditors' 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, and where it is a set amount, to determine that amount. 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.

4.5 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator 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.

4.6 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 no 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.

4.7 A resolution of creditors may be obtained by correspondence.

5. Review of Remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator 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. Approval of Pre-Administration Costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7. What Information Should be Provided by the Administrator?

7.1 General principles

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

7.1.2 The administrator should disclose:

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

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

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

7.2 Key issues

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

- the work the administrator anticipates will be done, and why that work is necessary;
- the anticipated cost of that work, including any expenses expected to be incurred in connection with it;
- whether it is anticipated that the work will provide a financial benefit to creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute);
- the work actually done and why that work was necessary;
- the actual costs of the work, including any expenses incurred in connection with it, as against any estimate provided;
- whether the work has provided a financial benefit to creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute).

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

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

7.3 Fee estimates and subsequent reports

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

7.4 Disbursements

7.4.1 Costs met by and reimbursed to the administrator in connection with the administration will fall into two categories:

- Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses.
- Category 2 disbursements: These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the administrator or their firm, and that can be allocated to the administration on a proper and reasonable basis.

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

7.4.2 The following are not permissible as disbursements:

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

8. Exceeding the Amount Set Out in the Fees Estimate

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

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

9. Progress Reports and Requests for Further Information

9.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (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 administrator during the period of the report, irrespective of whether payment was actually made during that period;
- where appropriate, a statement:
 - that the remuneration anticipated to be charged is likely to exceed the fees estimate or any approval given for remuneration exceeding the estimate;
 - that expenses incurred or anticipated to be incurred are likely to exceed, or have exceeded, the details given to the creditors prior to the determination of the basis of remuneration; and
 - the reason for that excess.
- the date of approval of any pre-administration costs and the amount approved;
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2 and their right to challenge the administrator's remuneration and expenses.

9.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) 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.

9.3 The administrator 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 administration or might be expected to lead to violence against any person; or
- the administrator 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 administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

10. **Provision of Information – Additional Requirements**

The administrator 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.

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.

11. **What if a Creditor is Dissatisfied?**

11.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

11.2 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 administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.

11.3 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 as an expense of the administration.

12. **What if the Administrator is Dissatisfied?**

12.1 If the administrator considers that the remuneration fixed by the creditors' committee 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 committee or the creditors 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 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.

13. **Other Matters Relating to Remuneration**

13.1 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.

13.2 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.

13.3 If a new administrator 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 administrator until a further determination, resolution or court order is made.

13.4 Where the basis of the remuneration is a set amount, and the administrator 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 administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

14. **Effective Date**

14.1 This guide applies where a company enters administration on or after 1 October 2015.

15. **Summary of Charge Out Rates and Disbursement Charges with Effect from 1 April 2018 (Subject to Change)**

	Charge per hour £
Director / Insolvency Practitioner	300 to 375
Manager	225 to 275
Administrators	175 to 225
Support Staff	125 to 175

Disbursement Charges

- Mileage is recharged at 70p per mile
- Charges are made as follows:

Postage

Normal letters
1st class - £1.40
2nd class - £1.20
Airmail - £2.00

Other: According to size and weight

Photocopying

Up to 25p per sheet

- Internal room hire is charged at £25 to £100 per meeting

16. **Code of Ethics**

As administrator I am bound by the Insolvency Code of Ethics when carrying out all professional work relating to the administration. This Code sets out fundamental principles dealing with requirements for integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. A copy of the Code can be found on the Insolvency Service website (www.gov.uk – search for “Insolvency Code of Ethics”). I shall be happy to deal with any queries that you might have in this regard.