

# Liquidator's Progress Report

# S.192

Pursuant to Sections 92A and 104A and 192  
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

06463160

Name of Company

Abbey Security Ltd

I / We

Nedim Ailyan, 142-148 Main Road, Sidcup, Kent, DA14 6NZ

the liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 26/11/2014 to 25/11/2015

Signed

Date

6.1.16

Abbott Fielding Limited  
142-148 Main Road  
Sidcup  
Kent  
DA14 6NZ

Ref ABBE001/NPA/CHM/NHJ

TUESDAY



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26/01/2016

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COMPANIES HOUSE

**Abbey Security Ltd.**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**

<b>Statement of Affairs</b>		<b>From 26/11/2014 To 25/11/2015</b>	<b>From 26/11/2012 To 25/11/2015</b>
	<b>SECURED ASSETS</b>		
	Book Debts	NIL	7,244 50
		NIL	7,244 50
	<b>ASSET REALISATIONS</b>		
1,000 00	Goodwill	NIL	1,000 00
NIL	Motor Vehicles	NIL	NIL
	Book Debts	4,127 10	4,127 10
	Bank Interest Gross	0 47	1 51
		4,127 57	5,128 61
	<b>COST OF REALISATIONS</b>		
	Preparation of S of A	NIL	3,500 00
	Liquidator's Remuneration	2,500 00	5,000 00
	Office Holders Expenses	217 41	642 52
	Collection Agent's Fees	1,364 92	1,364 92
		(4,082 33)	(10,507 44)
	<b>PREFERENTIAL CREDITORS</b>		
(39,807 40)	Employee Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(4,621 50)	Trade & Expense Creditors	NIL	NIL
(61,346 45)	Employees	NIL	NIL
(9,067 72)	HSBC Bank Plc	NIL	NIL
(369,565 01)	HM Revenue and Customs - PAYE an	NIL	NIL
(39,894 87)	HM Revenue and Customs - VAT	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(523,402.95)</b>		<b>45.24</b>	<b>1,865.67</b>
	<b>REPRESENTED BY</b>		
	Vat Receivable		1,926 19
	Interest Bearing Bank Account		139 48
	Vat Payable		(200 00)
			<b>1,865.67</b>

## **ABBEY SECURITY LTD - IN LIQUIDATION**

### **LIQUIDATOR'S PROGRESS REPORT TO MEMBERS AND CREDITORS FOR THE YEAR ENDED 25 NOVEMBER 2015**

I enclose for your information

- 1 A receipts and payments account for the period from 26 November 2012 to 25 November 2015 and for the period from 26 November 2014 to 25 November 2015,
- 2 A summary of my firm's time costs from 26 November 2012 to 25 November 2015 A summary of my firm's time costs for the period from 26 November 2014 to 25 November 2015 is also shown,
- 3 Details of my firm's practice fee recovery policy

#### **STATUTORY INFORMATION**

Company Name	Abbey Security Ltd
Company Number	06463160
Current Registered Office	142/148 Main Road, Sidcup, Kent DA14 6NZ
Former Registered Office	364-368 Cranbrook Road, Gants Hill, Ilford, Essex IG2 6HY
Trading Address	50A High Street, Sittingbourne, Kent ME10 4PB
Office Holder(s) / Numbers	Nedim Ailyan (9072)
Liquidator's Date of Appointment	26 November 2012

#### **LIQUIDATOR'S ACTIONS SINCE LAST REPORT**

Within the period covered by this report I have ensured that all my statutory requirements have been adhered to and all other duties in relation to the management of the case have been completed

I have also continued to take steps to recover the Company's assets, as detailed under assets below

There is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors A description of the routine work undertaken since my last progress report is as follows

- 1 Administration
  - Dealing with all routine correspondence and emails relating to the case
  - Opening, maintaining and managing the office holder's estate bank account
  - Creating, maintaining and managing the office holder's cashbook
  - Undertaking regular bank reconciliations of the bank account containing estate funds
  - Reviewing the adequacy of the specific penalty bond on a quarterly basis
  - Undertaking periodic reviews of the progress of the case
  - Overseeing and controlling the work done on the case by case administrators
  - Preparing, reviewing and issuing annual progress reports to creditors and members

**:abbott:fielding:**

- Filing returns at Companies House
- Preparing and filing Corporation Tax returns

## 2 Creditors

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system

## RECEIPTS AND PAYMENTS ACCOUNT

My receipts and payments account for the period from 26 November 2014 to 25 November 2015 is attached

The only realisations during the reporting period were in respect of book debts totalling £4,127 10 and a nominal amount of bank interest in the sum of £0 47

The balance of funds are held in an interest bearing estate bank account

## ASSETS

### Book Debts

As you are aware, the Company operated a factoring agreement with Bibby Financial Services Ltd ("Bibby") and subsequent to my appointment Bibby advised that their collection activities remained ongoing. In January 2013, Bibby advised that these collection activities had been concluded and transferred surplus funds totalling £7,244 50 to the liquidation. Bibby also reassigned debts totalling £10,321 88 for the benefit of the liquidation.

An additional outstanding invoice was located in the Company's records and the revised outstanding debtor ledger totalled £10,357 88. I instructed agents, Millmeads, to pursue the outstanding ledger and to date, a total of £4,127 10 has been received.

Due to various disputes as well as amounts having been paid previously, the remaining debts have been written off and, consequently, there will be no further realisations from this source.

### Goodwill

As previously advised and as disclosed in the director's Estimated Statement of Affairs ("ESoA"), presented to the first meeting of creditors, the Company's accounts for the year ended 31 December 2010 provided that the Company had goodwill of £6,435. After allowing for amortisation, the goodwill had an estimated book value of £5,065 at the time of liquidation. The goodwill related to the amount paid in connection with the acquisition of the business in 2010.

ABI Security [sic] Services Ltd ("ABI"), a company of which Steven Suri is a director, made an offer to purchase the goodwill of the business from the Liquidator for a sum of £1,000 plus VAT. It was not deemed necessary to obtain a professional valuation of the goodwill and as such, this offer was accepted. ABI made payment in full on 11 December 2012.

ABI did not take independent advice on the transaction and acknowledged that any discussion of the matter with Abbott Fielding was with a view to realising the best price for the assets of Abbey Security Ltd.

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### Motor Vehicles

As disclosed in the director's ESoA, the Company's accounts for the year ended 31 December 2010 provided that the Company held motor vehicles with a book value of £18,594. After allowing for depreciation, these items would have had an estimated net book value of £10,750 at the time of liquidation. The director advised that this related to two vehicles on hire purchase and two vehicles which were owned outright. He further advised that one of the hire purchase vehicles was written off and the other three vehicles were sold to staff members in 2011.

As previously reported there have been no realisations in respect of the Company's motor vehicles and my further inquiries in this regard have, to date, proved fruitless. Nevertheless, I am continuing to pursue this matter and am awaiting further information before being in a position to conclude my investigations.

### Bank Interest Gross

Total bank interest of £1.51 has been received in the period from 26 November 2012 to 25 November 2015 on funds held in the interest bearing liquidation bank account, of which £0.47 has been received in the period 26 November 2014 to 25 November 2015.

## **LIABILITIES & DIVIDEND PROSPECTS**

### Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company granted the following charges:

IGF Invoice Finance Limited ("IGF") have a fixed and floating charge over all of the Company's assets dated 7 May 2010, which is supported by a personal guarantee from the director. The director advised that there was no liability due to IGF at the time of liquidation and, to date, I can confirm that no secured claim has been received from IGF.

Bibby have a fixed and floating charge over all of the Company's assets dated 5 September 2012, which is supported by a personal guarantee from the director. As noted above, subsequent to my appointment, Bibby reassigned the book debts following the settlement of their liabilities and costs and as such, no secured claim is anticipated.

### Prescribed Part

The provisions of section 176A of the Insolvency Act 1986 require a Liquidator to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a 'qualifying floating charge' over its assets to a lender on or after 15 September 2003. This is known as the 'prescribed part of the net property'. A company's net property is that left after paying any preferential creditors, but before paying the lender who holds a floating charge. A Liquidator is required to set aside:

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property, up to a maximum of £600,000.

As both secured creditors are now satisfied, all future asset realisations will be available for the benefit of preferential and unsecured creditors, less the costs of the liquidation.

### Preferential Creditors

Preferential creditors' claims in the director's ESoA totalled £39,807.40 and to date I have received preferential claims to the value of £28,373.11. Based on current information I am uncertain as to whether there will be a dividend to preferential creditors.

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### Unsecured Creditors

Unsecured creditors' claims in the director's ESoA totalled £484,495 55 of which £409,459 88 was attributable to HM Revenue & Customs. To date, I have received unsecured claims totalling £813,984 35, which includes final claims of £728,556 54 from HM Revenue & Customs. These claims are a lot higher than originally envisaged and are due, for the most part, to increased amounts due to HM Revenue and Customs. Based on current information, it is considered unlikely there will be sufficient funds to enable a dividend to unsecured creditors.

### **INVESTIGATION INTO THE AFFAIRS OF THE COMPANY**

I can advise that I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation and, taking account of the potential recoveries, the funds likely to be available to fund an investigation and the costs involved, I can confirm that, other than matters relating to the Company's motor vehicles, there were no other matters that justified further investigation in the circumstances of this appointment, which would result in a benefit to creditors.

Within six months of my appointment as Liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make him unfit to be concerned with the management of the company. I would confirm that my report has been submitted.

### **PRE-APPOINTMENT REMUNERATION**

The creditors previously authorised the payment of a fee of £3,500 plus VAT, plus disbursements, for assistance with the statement of affairs, producing and circulating the notices for the meetings of members and creditors prior to my appointment at a meeting held on 26 November 2012.

The fee for preparing the statement of affairs and convening and holding the meeting of creditors was paid from first realisations on appointment and is shown in the attached receipts and payments account.

### **LIQUIDATOR'S REMUNERATION**

My remuneration was previously authorised by the creditors at a meeting held on 26 November 2012 to be drawn on a time cost basis. My total costs to 25 November 2015 amount to £11,171 representing 56 80 hours at an average charge out rate of £196 67 per hour, of which £2,514 representing 14 80 hours work has been incurred in the period since 26 November 2014 at an average charge rate of £169 86 per hour.

I have drawn £5,000 to 25 November 2015, of which £2,500 was drawn since 26 November 2014.

Schedules of my time costs incurred to date are attached.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors' Guide to Liquidators' fees' also published by R3 can be obtained from our website at <http://www.abbottfielding.co.uk/information-for-creditors/>. Please note that there are different versions of the guidance notes, and in this case you should refer to the pre October 2015 version. Alternatively a hard copy can be obtained from Abbott Fielding. A copy of Abbott Fielding's practice fee recovery policy is enclosed.

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## LIQUIDATOR'S EXPENSES

I have incurred expenses to 25 November 2015 of £2,032 07 of which £1,492 01 was incurred in the period since 26 November 2014

I have drawn £642 52 to date of which £217 41 was drawn in the period since 26 November 2014 and £1,364 92 has been deducted by Millmeads from realisations

### Category 1 Disbursements

Type of expense	This Period		Cumulatively	
	Incurred	Paid	Incurred	Paid
Advertising			153 00	153 00
Bond and Insurance	60 00	60 00	120 00	120 00
Searches	Nil	3 00	3 00	3 00
Postage	25 08	45 29	71 97	71 97
Storage	42 01	109 12	319 18	294 55
Agents	1,364 92	1,364 92	1,364 92	1,364 92
<b>Total</b>	<b>1,492.01</b>	<b>1,582.33</b>	<b>2,032.07</b>	<b>2,007.44</b>

### Agent's Fees

I have used the following agents or professional advisors in the reporting period

Professional Advisor	Nature of Work	Fee Arrangement
Millmeads	Debt Collection	Percentage of realisations

As noted above I instructed agents, Millmeads, to pursue the Company's outstanding debtor ledger. Their fees are based on a percentage of realisations and the sum of £1,364 92 has been paid in respect of these fees

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case

## FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

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## SUMMARY

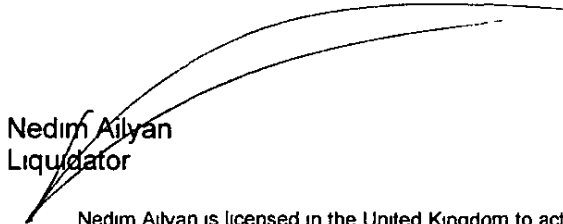
I am required to provide a further report on the progress of the liquidation within two months of the next anniversary unless I have concluded matters prior to this, in which case I will provide all creditors with my final progress report ahead of convening the final meetings of members and creditors

Based upon current information I anticipate that the liquidation will remain open for a further three to six months in order to conclude my investigations in respect of the Company's motor vehicles

Should you have any queries regarding this matter please do not hesitate to contact Neil Hammond-Jarvis who is dealing with this matter on my behalf

As an Insolvency Practitioner, when carrying out all professional work relating to an insolvency appointment, I am bound by the Insolvency Code of Ethics, a copy of which can be found at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code> We are also bound by the regulations of our professional body, which can be found at <http://www.insolvency-practitioners.org.uk/membership/members-handbook>

Yours faithfully



Nedim Ailyan  
Liquidator

Nedim Ailyan is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association

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**Abbey Security Ltd.  
(In Liquidation)**

**LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 26/11/2014 To 25/11/2015 £	From 26/11/2012 To 25/11/2015 £
<b>RECEIPTS</b>			
Book Debts		0 00	7,244 50
Goodwill	1,000 00	0 00	1,000 00
Motor Vehicles	NIL	0 00	0 00
Book Debts		4,127 10	4,127 10
Bank Interest Gross		0 47	1 51
		<u>4,127 57</u>	<u>12,373 11</u>
<b>PAYMENTS</b>			
Preparation of S of A		0 00	3,500 00
Liquidator's Remuneration		2,500 00	5,000 00
Office Holders Expenses		217 41	642 52
Collection Agent's Fees		1,364 92	1,364 92
Employee Arrears/Hol Pay	(39,807 40)	0 00	0 00
Trade & Expense Creditors	(4,621 50)	0 00	0 00
Employees	(61,346 45)	0 00	0 00
HSBC Bank Plc	(9,067 72)	0 00	0 00
HM Revenue and Customs - PAYE and NI	(369,565 01)	0 00	0 00
HM Revenue and Customs - VAT	(39,894 87)	0 00	0 00
Ordinary Shareholders	(100 00)	0 00	0 00
		<u>4,082 33</u>	<u>10,507 44</u>
Net Receipts/(Payments)		<u>45 24</u>	<u>1,865 67</u>
<b>MADE UP AS FOLLOWS</b>			
Interest Bearing Bank Account		(613 26)	139 48
VAT Receivable / (Payable)		658 50	1,726 19
		<u>45 24</u>	<u>1,865 67</u>

**SIP 9 - Time & Cost Summary**

Period 26/11/12 25/11/15

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	0 30	0 00	23 20	23 50	4,718 00	200 77
Investigations	0 00	0 00	0 00	8 80	8 80	1,871 00	212 61
Realisations of assets	0 00	0 00	0 00	14 30	14 90	2,575 00	172 82
Trading	0 00	0 40	0 00	0 00	0 40	96 00	240 00
Creditors	0 00	0 00	0 00	9 10	9 20	1 911 00	207 72
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	0 00	0 70	0 00	55 40	56 80	11,171 00	196 67
Total Fees Claimed						5,000 00	

**SIP 9 - Time & Cost Summary**

Period 26/11/14 25/11/15

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	0 00	0 00	8 00	8 00	1 516 00	189 50
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	0 00	0 00	0 00	6 10	6 70	998 00	148 96
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	0 00	0 10	0 00	0 00
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	0 00	0 00	0 00	14 10	14 80	2,514 00	169 86
Total Fees Claimed						2,500 00	

## PRACTICE FEE RECOVERY POLICY FOR ABBOTT FIELDING

### Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.abbottfielding.co.uk/information-for-creditors/>. Alternatively a hard copy may be requested from Abbott Fielding. Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

### Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 1 February 2015 £	Previous charge-out rate per hour, effective from 1 January 2014 £
Partner – appointment taker	345-500	335
Managers	260-350	250-285
Administrators	230-260	220
Support Staff	170-200	160

These charge-out rates charged are reviewed on an annual basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs for the following categories:

- Investigations
- Trading

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate, any additional work undertaken, or proposed to be undertaken, the hourly rates proposed for each part of the work, and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often.

A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

### **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

## **Members' voluntary liquidations and Voluntary Arrangements**

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Disbursements**

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Abbott Fielding. In the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered:

Mileage	50p per mile
Photocopying	10p per sheet

## Abbott Fielding Limited

Time costs are calculated using 6 minute units. Time spent by support and secretarial staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead of the firm. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

### Charge-out Rates

	Period from 1 July 2011	Period from 1 January 2014
Partners	£325	£335
Managers	£240 - 275	£250 - 285
Administrators	£210	£220
Support Staff	£150	£160

### Disbursements recovered by Abbott Fielding

Insolvency practitioners are required to divide the expenses incurred in an insolvency assignment into two categories. These are described below, together with examples of the type of expenses relating to each category.

#### CATEGORY 1

Category 1 Disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. It will also include services specific to the case where these cannot practicably be provided internally, such as printing, room hire and document storage. Information relating to a specific Category 1 disbursements can be provided where reasonably requested.

#### CATEGORY 2

Category 2 Disbursements are those where costs are recovered which, whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs. These are identified and subject to approval by those approving the Insolvency Practitioner's remuneration. Such expenses should be of an incidental nature and directly incurred on the case. Where Category 2 disbursements are drawn there will be a reasonable method of calculation and allocation, for example a comparison with the cost of external provision of the expenses. The basis for charging Category 2 disbursements will be disclosed to creditors and authorised by those responsible for approving the Insolvency Practitioner's remuneration. Abbott Fielding will not be seeking to recover Category 2 disbursements in this case.