

**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

06561734

Name of Company

Envirotel Limited

*/* We  
Simon Franklin Plant  
9 Ensign House  
Admirals Way  
Marsh Wall  
London  
E14 9XQ

Daniel Plant  
9 Ensign House  
Admirals Way  
Marsh Wall  
London  
E14 9XQ

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 08/04/2011 to 07/04/2012

Signed \_\_\_\_\_

Date 21/05/12

S F P  
9 Ensign House  
Admirals Way  
Marsh Wall  
London  
E14 9XQ

Ref ETL0002/SFP/DXP/NGL

WEDNESDAY



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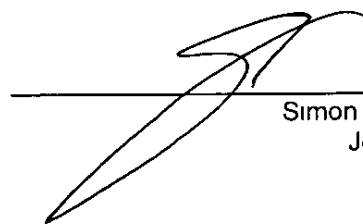
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COMPANIES HOUSE

**Envirotel Limited**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs		From 08/04/2011 To 07/04/2012
	<b>ASSET REALISATIONS</b>	
132 00	Surplus VAT from Administration	131 66
206 00	Balance from Administration	205 72
	Bank Interest Gross	0 87
		<u>338 25</u>
	<b>COST OF REALISATIONS</b>	
	Pension Advice	202 86
		<u>(202 86)</u>
	<b>UNSECURED CREDITORS</b>	
(283,628 00)	Trade and expense	NIL
(129,230 00)	HM Revenue and Customs	NIL
		<u>NIL</u>
	<b>DISTRIBUTIONS</b>	
(2 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>(412,522.00)</u>		<u><u>135.39</u></u>
	<b>REPRESENTED BY</b>	
	Vat Receivable	40 57
	Floating Current A/c	94 82
		<u><u>135 39</u></u>

  
 Simon Franklin Plant  
 Joint Liquidator

SFP



TO ALL KNOWN MEMBERS AND CREDITORS

Date 16 May 2012  
Contact Amy Lowden  
Telephone 0207 538 2222

Our Ref ETL0002/SFP/AL/160512.P5

Dear Sirs

**Envirotel Limited (in Liquidation) ("ETL")**

Pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 (as amended) ("the Act"), I was appointed Joint Liquidator of ETL, together with my Partner, Daniel Plant on 8 April 2011.

I write to provide my first annual progress report prepared in accordance with Section 104A of the Act and Rule 4.49C of the Insolvency Rules 1986 (as amended) ("the Rules"), detailing the progress of my administration of ETL's estate since my appointment and up to 7 April 2012 ("the Review Period"). This report should be read in conjunction with the Joint Administrators' final progress report dated 31 March 2011, sent during my appointment as Joint Administrator

**A) Asset Realisations**

**Surplus from Administration (including VAT)**

A balance of £337 held in the Administration was transferred to the Liquidation estate.

**Book Debts**

I instructed a company associated with my firm, SFP Recoveries Limited ("SFP Recoveries") to assist with debtor recoveries following reassignment of the sales ledger from Hitachi Capital (UK) Plc

No recoveries have been collected from this source during the Review Period and subsequently, the remaining balance is deemed uncollectable due to deficient books and records, debtors entering insolvency regimes and debts being paid prior to the former Joint Administrators' appointment. Accordingly, SFP Recoveries have now closed their files

**Additional**

The only other receipt during the Review Period is nominal credit interest earned on estate funds held at Bank of Ireland

**B)**

Payment has been made to the following agent during the Review Period.

Agent Instructed	Work Undertaken	Amount Paid
Alexander Forbes Trustee Services	Pension Advice	£203

Expenses paid from the estate are reflected on the enclosed Receipts and Payments Account and are self-explanatory

C)

In accordance with my statutory duty, a requisite D Form addressing the directors' conduct has been submitted to the Department for Business, Innovation and Skills

My enquiries into the affairs of ETL are being conducted by a company associated with my firm, SFP Forensic Limited ("SFP Forensic") These investigations are currently ongoing

D)

Following ETL's move from Administration to Liquidation, a general meeting of members and creditors was convened pursuant to Rule 4.54 of the Insolvency Rules 1986 where creditors subsequently agreed the following in relation to the Joint Liquidators' remuneration and the fees relating to the services provided by SFP Forensic, SFP Recoveries, SFP Property Limited ("SFP Property") and SFP Datastore Limited ("SFP Datastore") (collectively, "the Associated Entities")

- the Joint Liquidators' remuneration will be fixed by the time properly spent by them and their staff in attending to matters arising out of the Liquidation in accordance with Statement of Insolvency Practice 9 ("SIP 9") and that the Joint Liquidators be authorised to draw remuneration as and when funds become available,
- the Joint Liquidators be authorised to recover their firms disbursements as categorised in SIP 9, Category 2,
- the fees relating to services provided by SFP Recoveries and SFP Property be fixed by the time properly spent by them and be treated and approved as a SIP 9, Category 2 Disbursement, to be drawn from time to time as appropriate and that the fees relating to services provided by SFP Datastore be treated and approved as a SIP 9, Category 2 Disbursement on a time cost and fixed fee basis, to be drawn from time to time as appropriate, and
- the fees relating to services provided by SFP Forensic be fixed either by the greater of time properly spent by it or 35% of recoveries achieved as a direct result of its investigations and be treated and approved as a SIP 9, Category 2 Disbursement, to be drawn from time to time as appropriate

During the Review Period, no fees have been drawn representing Joint Liquidators' remuneration

Creditors have previously been provided with the definitions of SIP 9, Category 1 and Category 2 Disbursements. During the Review Period, Category 1 Disbursements in the sum of £180 have been incurred in respect of company search fees, statutory advertising and the Joint Liquidators' bordereau. Category 2 Disbursements in the sum of £191 have been incurred in respect of potage costs. During the Review Period no Disbursements of either category have been recovered.

The Joint Liquidators' fees have previously been authorised by the creditors. Pursuant to Rule 4.49E, within 21 days of receipt of this progress report a creditor may request the Joint Liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing and may be made by either a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors or the permission of the court.

In accordance with Rule 4.131 of the Rules, any secured creditor, or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors, or with the permission of the Court, may apply to the Court on the grounds that the remuneration or other expenses are excessive. Any such application must be made no later than 8 weeks after receipt of this report.

Asset realisations to date indicate there will not be a dividend distribution to any class of creditor

The only matters preventing closure are SFP Forensic's enquiries into the affairs of ETL and to finalise the position in respect of ETL's pension scheme

The following costs and disbursements have been incurred, but presently remain undischarged

- the time costs of the Joint Liquidators, SFP Forensic, SFP Recoveries, SFP Property and SFP Datastore during the Review Period are £7,755, £3,045, £1,568, £521 and £208, respectively. These presently remain unpaid, and

- Both the costs and Disbursements have been previously detailed in paragraph D)

The following documentation is enclosed

- Should any creditor have any questions or queries in relation to the above, please contact the Administrator dealing with this matter, Amy Lowden on 0207 538 2222

Simon Plant  
Joint Liquidator

## **Statutory Information**

### **Envirotel Limited (in Liquidation)**

<b>Company Number:</b>	06561734
<b>Current Registered Office</b>	9 Ensign House Admirals Way Marsh Wall Docklands London E14 9XQ
<b>Previous Registered Office:</b>	Unit 4 Waterside Business Park Wheelhouse Road Rugeley Staffordshire WS15 1LJ
<b>Type of Insolvency:</b>	Creditors' Voluntary Liquidation
<b>Date of Appointment:</b>	8 April 2011
<b>Appointees:</b>	Simon Plant Daniel Plant
<b>Address:</b>	SFP 9 Ensign House Admirals Way Marsh Wall London E14 9XQ

**Envirotel Limited (in Liquidation)**  
**Joint Liquidators' Receipts and Payments Account**  
**for the period 8 April 2011 to 7 April 2012**

<b>S of A £</b>	<b>RECEIPTS</b>	<b>£</b>
132 00	Surplus VAT from Administration	131 66
206 00	Balance from Administration	205 72
-	Bank Interest Gross	0 87
<u>338 00</u>		<u>338 25</u>
	<b>PAYMENTS</b>	
	Pension Advice - Alexander Forbes Trustee Services	202 86
		<u>202 86</u>
	<b>Balance in Hand</b>	<u><u>135 39</u></u>
	<b>Represented By</b>	
	Current Account	94 82
	VAT Receivable	40 57
		<u><u>135 39</u></u>



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# ENVIROTEL LIMITED (IN LIQUIDATION)

## SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 8 APRIL 2011 TO 7 APRIL 2012

### CLASSIFICATION OF WORK FUNCTION

	Manager 2	Manager 1	Senior Administrator 2	Senior Administrator 1	Administrator 2	Administrator 1	Assistant	Total
Administration and Planning	2 00	8 70	0 20	3 50	7 70	3 80	3 40	29 30
Realisation of assets	-	-	-	-	-	-	-	-
Investigation	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Creditors	-	4 20	1 50	-	-	3 70	3 10	12 50
Total hours	2 00	12 90	1 70	3 50	7 70	7 50	6 50	41 80
Average rate £ per hour	300 00	257 75	227 94	217 14	160 71	126 00	76 92	185 53
Total costs £	600 00	3,325 00	387 50	760 00	1,237 50	945 00	500 00	7,755 00

### Remuneration drawn on account during Review Period £

#### Summary of charge out rates for staff

Managing Partner	£500	Manager 1	£275
Partner 2	£450	Senior Administrator 2	£250
Partner 1	£400	Senior Administrator 1	£225
Senior Manager 2	£350	Administrator 2	£175
Senior Manager 1	£325	Administrator 1	£150
Manager 2	£300	Assistant	£100

NB From 1 August 2011, practice rates have increased which would account for variances in the charge out rates

## SIP 9 STANDARD ACTIVITY SUMMARIES

Standard Activity	Examples of Work
Administration and Planning	Case Planning Administrative set up Appointment notification Maintenance of records Statutory reporting
Investigation	SIP 2 CDDA report Investigating antecedent transactions
Realisation of assets	Identifying, securing, insuring assets Retention of title Debt collection Property, business and asset sales
Trading	Management of operation Accounting for trading On-going employee issues
Creditors	Communication with creditors Creditor claims (including employees and other preferential creditors)

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FORENSIC

## ENVIROTEL LIMITED (IN LIQUIDATION)

## SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 8 APRIL 2011 TO 7 APRIL 2012

## CLASSIFICATION OF WORK FUNCTION

	Managing Director	Manager 1	Senior Administrator 2	Assistant	Total
Investigation	0 20	4 90	4 20	8 00	17 30
Total hours	0 20	4 90	4 20	8 00	17 30
Average rate £ per hour	450 00	267 86	225 00	87 19	176 01
Total costs incurred £	90 00	1,312 50	945 00	697 50	3,045 00

## Remuneration drawn on account during the Review Period £

## Summary of charge out rates for staff

Managing Director	£500	Senior Administrator 2	£250
Senior Manager 2	£350	Senior Administrator 1	£225
Senior Manager 1	£325	Administrator 2	£175
Manager 2	£300	Administrator 1	£150
Manager 1	£275	Assistant	£100

NB From 1 August 2011, practice rates have increased which would account for variances in the charge out rates

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RECOVERIES



# ENVIROTEL LIMITED (IN LIQUIDATION)

## SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 8 APRIL 2011 TO 7 APRIL 2012

### CLASSIFICATION OF WORK FUNCTION

Manager 1	Senior Administrator 1	Administrator 2	Total
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Debt Recovery	0 60	0 30	9 00	9 90
Total hours	0 60	0 30	9 00	9 90
Average rate £ per hour	262 50	200 00	150 00	158 33
Total costs incurred during Review Period £	157 50	60 00	1,350 00	1,567 50

### Remuneration drawn on account during Review Period £

#### Summary of charge out rates for staff

Managing Director	£500	Senior Administrator 2	£250
Senior Manager 2	£350	Senior Administrator 1	£225
Senior Manager 1	£325	Administrator 2	£175
Manager 2	£300	Administrator 1	£150
Manager 1	£275	Assistant	£100

NB From 1 August 2011, practice rates have increased which would account for variances in the charge out rates

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2011/12

PROPERTY

ENVIROTEL LIMITED (IN LIQUIDATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 8 APRIL 2011 TO 7 APRIL 2012

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Administrator 1	Assistant	Total
Property Matters	0 30	2 40	2 20	4 90
Total hours	0 30	2 40	2 20	4 90
Average rate £ per hour	350 00	97 29	82 95	106 33
Total costs £	105 00	233 50	182 50	521 00

Remuneration drawn on account during the Review Period £

Summary of charge out rates for staff

Managing Director	£350	Senior Administrator 2	£175
Senior Manager 2	£275	Senior Administrator 1	£155
Senior Manager 1	£250	Administrator 2	£135
Manager 2	£225	Administrator 1	£115
Manager 1	£200	Assistant	£100

NB From 1 August 2011, practice rates have increased which would account for variances in the charge out rates

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DATASTORE



ENVIROTEL LIMITED (IN LIQUIDATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 8 APRIL 2011 TO 7 APRIL 2012

CLASSIFICATION OF WORK FUNCTION

Storage Tasks / General Staff Costs	Security Staff Costs	Inventorising / General Staff Costs	Total
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Boxing Up / Collection / Inventorising of Records

0 20 - 2 70 2 90

Total hours

0 20 - 2 70 2 90

Average rate £ per hour

25 00 - 75 00 71 55

Total costs £

5 00 - 202 50 207 50

Remuneration drawn on account during Review Period £

Summary of charge out rates for staff

Storage Tasks / General £25  
Security Staff Costs £18 50  
Inventorising / General £75

NB From 1 August 2011, practice rates have increased which would account for variances in the charge out rates

Disbursements incurred	£
Storage Boxes Purchased	40 00
Mileage @ £1 10 per mile	-
Storage cost	243 90
Total Disbursements	283 90

## PROOF OF DEBT - GENERAL FORM

**In the matter of Envirotel Limited  
(in Liquidation)  
and in the matter of The Insolvency Act 1986**

Date of Winding-Up 8 April 2011

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show -  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

PROOF OF DEBT - GENERAL FORM (CONTD )

Admitted to Vote for

£

Date

Liquidator

---

Admitted preferentially for

£

Date

Liquidator

---

Admitted non-preferentially for

£

Date

Liquidator

**NOTE:** A company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution



### Charge out Rates for SFP main practice and associated entities

**SFP and the Associated Entitres remuneration is calculated on an hourly time cost basis, divided into 6 minute units calculated as follows**

Main Practice		SFP Forensic Limited		SFP Property Limited		SFP Recoveries Limited	
<u>Grade</u>	<u>Rate p/hr</u>	<u>Grade</u>	<u>Rate p/hr</u>	<u>Grade</u>	<u>Rate p/hr</u>	<u>Grade</u>	<u>Rate p/hr</u>
Managing Partner	500	Managing Director	500	Managing Director	350	Managing Director	500
Partner 2	450	Senior Manager 2	350	Senior Manager 2	275	Senior Manager 2	350
Partner 1	400	Senior Manager 1	325	Senior Manager 1	250	Senior Manager 1	325
Senior Manager 2	350	Manager 2	300	Manager 2	225	Manager 2	300
Senior Manager 1	325	Manager 1	275	Manager 1	200	Manager 1	275
Manager 2	300	Senior Administrator 2	250	Senior Administrator 2	175	Senior Administrator 2	250
Manager 1	275	Senior Administrator 1	225	Senior Administrator 1	155	Senior Administrator 1	225
Senior Administrator 2	250	Administrator 2	175	Administrator 2	135	Administrator 2	175
Senior Administrator 1	225	Administrator 2	150	Administrator 1	115	Administrator 1	150
Administrator 2	175	Assistant	100	Assistant	100	Assistant	100
Administrator 1	150						
Assistant	100						

SFP Datastore Limited		
<u>Grade</u>	<u>Rate p/hr</u>	
<b>Storage Tasks (Retrieval and collection)</b>		
Staff costs	25	<u>Retrieval Rates Guide</u> Box Storage A4 A3 Transit Cases Retrieval costs from site Same Day Delivery (up to 10 items / £1 50 per item thereafter) Next Day Delivery (up to 10 items / £1 50 per item thereafter) Delivery to third party offices (up to 10 items / £1 50 per item thereafter) Provision of archive boxes
<b>Inventorising and Additional</b>		
Staff Costs	75	<u>Supporting Services</u> Hire of Security Personnel Mileage Chauffeur Services £18 50 per hour £1 10 per mile £1 35 per mile (£50 minimum)

## A CREDITORS' GUIDE TO LIQUIDATORS' FEES

### ENGLAND AND WALES

#### 1 Introduction

1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors who hope to recover some of their debts out of the assets therefore have a direct interest in the level of costs and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees, explain the basis on which fees are fixed and how creditors can seek information about expenses incurred by the liquidator and challenge those they consider to be excessive.

#### 2 Liquidation procedure

2.1 Liquidation (or winding up) is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary when it is instituted by resolution of the shareholders or compulsory when it is instituted by order of the court.

2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to CVL). In the type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.

2.3 In a compulsory liquidation on the other hand the function of liquidator is in most cases initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and an official belonging to the Insolvency Service. In most compulsory liquidations the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver either at a meeting of creditors convened for the purpose or directly by The Insolvency Service on behalf of the Secretary of State. Where an insolvency practitioner is not appointed the official receiver remains liquidator.

2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

#### 3 The liquidation committee

3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee with a minimum of 3 and a maximum of 5 members to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.

3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or its appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee or when requested by a member of the committee or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the

progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

#### 4 Fixing the liquidator's remuneration

4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 – 4.127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed

- as a percentage of the value of the assets which are realised or distributed or both;
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation; or
- as a set amount.

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the liquidator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the liquidator.

It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied. Rule 4.127 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the assets which the liquidator has to deal with.

4.2 If there is no liquidation committee or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator.

4.3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.

4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below).

#### 5 Review of remuneration

Where there has been a material and substantial change in circumstances since the basis of the liquidator's remuneration was fixed, the liquidator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

#### 6 What information should be provided by the liquidator?

##### 6.1 When fixing bases of remuneration

6.1.1 When seeking agreement for the basis or bases of remuneration the liquidator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

6.1.2 If any part of the remuneration is sought on a time costs basis, the liquidator should provide details of the maximum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.

6.1.3 The liquidator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.1.4 If work has already been carried out, the liquidator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the liquidator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

##### 6.2 After the bases of remuneration have been fixed

The liquidator is required to send progress reports to creditors at specified intervals (see paragraph 7.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 7.1, the liquidator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case ( whilst recognising that the liquidator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the liquidator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

##### 6.3 Disbursements and other expenses

6.3.1 Costs met by and reimbursed to the liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the liquidation and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the liquidator or his or her staff.

- Category 2 disbursements. These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the liquidator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the liquidator's remuneration. When seeking approval, the liquidator should explain for each category of expense the basis on which the charge is being made.

##### 6.3.2 The following are not permissible

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

##### 6.4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 11.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

#### 7 Progress reports and requests for further information

7.1 The liquidator is required to send annual progress reports to creditors. The reports must include:

- details of the basis fixed for the remuneration of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period;
- a statement of the creditors' rights to request further information, as explained in paragraph 7.2, and their right to challenge the liquidator's remuneration and expenses.

7.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

7.3 The liquidator must provide the requested information within 14 days, unless he considers that:

- the time and cost involved in preparing the information would be excessive, or

- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person; or
  - the liquidator is subject to an obligation of confidentiality in relation to the information requested.
- in which case he must give the reasons for not providing the information
- Any creditor may apply to the court within 21 days of the liquidator's refusal to provide the requested information or the expiry of the 14 days time limit for the provision of the information.
- 8 Provision of information – additional requirements**
- The liquidator must provide certain information about the time spent on the case free of charge upon request by any creditor, director or shareholder of the company.
- The information which must be provided is –
- the total number of hours spent on the case by the liquidator or staff assigned to the case;
  - for each grade of staff, the average hourly rate at which they are charged out;
  - the number of hours spent by each grade of staff in the relevant period.
- The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator's appointment or where he has vacated office, the date that he vacated office.
- The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office.
- 9 What if a creditor is dissatisfied?**
- 9.1** Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing.
- 9.2** If a creditor believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.
- 9.3** Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7.1 above). If the court does not dismiss the application (which it may if it considers that insolvency cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing.
- 9.4** If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.

## 10 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee, or in the preceding administration, is insufficient or that the basis used to fix it is inappropriate, he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the liquidation committee, the creditors in the preceding administration or in accordance with the statutory scale is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

## 11 Other matters relating to remuneration

- 11.1** Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.
- 11.2** Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.
- 11.3** If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.
- 11.4** If a new liquidator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new liquidator until a further determination, resolution or court order is made.
- 11.5** Where the basis of the remuneration is a set amount, and the liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing liquidator. The application must be made to the same body as approved the remuneration. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.
- 11.6** There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

## 12 Effective date

This guide applies where a company goes into liquidation on or after 1 November 2011.