

The Insolvency Act 1986

**Notice of move from administration to  
creditors' voluntary liquidation****2.34B**

Name of Company

Envirotel Limited

Company number

06561734

In the  
Bristol District Registry

(full name of court)

Court case number  
1165 of 2010(a) Insert full  
name(s) and  
address(es) of  
administrator(s)I/We (a) Simon Franklin Plant  
S F P  
9 Ensign House  
Admirals Way  
Marsh Wall  
London  
E14 9XQDaniel Plant  
S F P  
9 Ensign House  
Admirals Way  
Marsh Wall  
London(b) Insert name and  
address of the  
registered office of  
companyhaving been appointed administrator(s) of (b) Envirotel Limited  
SFP 9 Ensign House, Admiral's Way Marsh Wall London E14 9XQ(c) Insert date of  
appointment

on (c) 18 May, 2010

(d) Insert name of  
appointor/applicant

by (d) Bristol District Registry

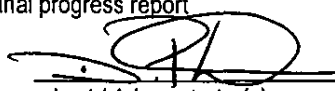
(e) Insert name(s) and  
address(es) of  
liquidator(s)

hereby give notice that

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that (e) Daniel Plant and Simon Plant, SFP, 9 Ensign House, Admirals Way, Marsh Wall, Docklands, London, E14 9XQ will be the liquidator(s) of the company (IP No(s) 9207 and 9155 )

We attach a copy of the final progress report

Signed

  
Joint / Administrator(s)

Dated

31/3/2011

**Contact Details**You do not have to give any contact  
information in the box opposite but if  
you do, it will help Companies House to  
contact you if there is a query on the  
formThe contact information that you give  
will be visible to searchers of the  
public recordDaniel Plant  
S F P  
9 Ensign House  
Admirals Way  
Marsh Wall  
London  
E14 9XQ

DX Number

020 7538 2222  
DX Exchange

SATURDAY



A03

\*AR9TUSYN\*

02/04/2011

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COMPANIES HOUSE

When you have completed and signed this form, please send it to the  
Registrar of Companies at -  
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

**Strictly Private and Confidential**

**Envirotel Limited (In Administration)**

**Final Progress Report to Creditors**

**Simon Franklin Plant  
MIPA FABRP**

**Daniel Plant  
MIPA FABRP**

**SFP  
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Admirals Way  
Marsh Wall  
London  
E14 9XQ**

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[danielp@sfpgroup.com](mailto:danielp@sfpgroup.com)**

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**1. Introduction**

- 1.1** This Report is prepared pursuant to Rule 2.117 of the Insolvency Rules 1986 (as amended) ("the Rules") in relation to Envirotel Limited (in Administration) (Co. Number 06561734) ("the Company"). This provides that when the Joint Administrators of a company sends notice of moving from Administration to a Creditors' Voluntary Liquidation, he shall attach to that notice a final progress Report.
- 1.2** To date, creditors have received the Joint Administrators' Report and Proposals circulated to creditors on 4 June 2010 ("the First Report") and a six monthly update on 23 November 2010 ("the Second Report"). In the light of the information contained in these previous reports, this Report simply provides an additional update.
- 1.3** Following the First Report, the Joint Administrators' proposals were approved. The Joint Administrators are moving the Company from Administration to Liquidation as they are now of the view that the outstanding issues in relation to this matter can be better dealt within that regime.

**2. Asset Realisations / Miscellaneous**

**The Sale of the Business and Assets**

- 2.1** As detailed in the First Report, chattel asset valuers, Winterhill Assets Limited ("Winterhill") were instructed to assist with the sale of the Company's business and assets, once it had been confirmed that continued trading during administration was not viable.
- 2.2** Despite negotiations with the existing management and interest from third parties an acceptable offer was not received. Accordingly, Winterhill was instructed to sell the assets on a piecemeal basis.
- 2.3** Winterhill subsequently explained that the associated costs of collection, storage and sale outweighed the value of office furniture. Accordingly, these items were abandoned.
- 2.4** A vehicle was sold by Winterhill resulting in £5,300 being received for the benefit of the Administration.

**Debtors**

- 2.5** As at the date of the placing of the Company into Administration, it is understood that its sales ledger was circa £229,000 with Hitachi Capital (UK) PLC ("Hitachi") having an outstanding commitment of £95,000.
- 2.6** Hitachi continued to collect the sales ledger and has since recovered its liability in full. Accordingly, the sales ledger has been reassigned to the Company and is presently being pursued by an associated entity of SFP, SFP Recoveries Limited ("SFP Recoveries").
-

- 2.7 The remaining sales ledger will continue to be pursued by SFP Recoveries when ETL is in Liquidation

#### **The Company's Trading Premises**

- 2.8 As stated in the First Report, an associated entity of SFP, SFP Property Limited ("SFP Property") was instructed to review the terms of the Company's occupancy at its trading premises, located at Unit 4, Waterside Business Park, Wheelhouse Road, Rugeley, Staffordshire, WS15 1LJ ("the Trading Premises")
- 2.9 SFP Property has established that the Trading Premises were occupied pursuant to a lease held in the name of John Nicholas O'Brien and Marilyn O'Brien. Accordingly, the Company appeared not to have any formal right of occupation and SFP Property has confirmed this to the landlord. Accordingly, all property matters have been dealt with.

#### **Estate Account Balance and VAT**

- 2.10 The balance held on the Administration estate account of £60.04 shall be transferred to the Liquidation estate account once the Company has moved to Liquidation.
- 2.11 A VAT refund of £131.66 is presently being awaited. Once the refund is received from HM Revenue and Customs it shall be banked in the Liquidation estate account.

### **3. Investigations**

- 3.1 In accordance with the Joint Administrators' duties, investigations are being made into the conduct of the Company's current directors by SFP Forensic Limited ("SFP Forensic"). The requisite D Form was submitted to the Insolvency Practitioners Compliance Unit ("IPCU") on 8 November 2010. All information contained in the D form is strictly confidential and the Joint Administrators are not permitted to divulge details of their recommendations to the IPCU.
- 3.2 SFP Forensic has identified various areas of concern in relation to the Company's trading activities prior to it being placed in to Administration. These are currently being investigated. However, the Administrator does not wish to divulge any further information in relation to this at this stage since it may hamper enquiries / future recoveries.

### **4. Dividend Prospects / Payments**

#### **Preferential Creditors**

- 4.1 The employees of the Company were all made redundant by the Joint Administrators. Employees have submitted RP1 forms to the Redundancy Payments Office ("RPO") in order to receive their entitlements. The RPO has not yet submitted a preferential claim.

#### **Non-Preferential Claims**

- 4.2 The non-preferential creditors' claims are summarised below.
-

Creditor	Estimated Statement of Affairs £	Claims Received as at 29 March 2011 £
HM Revenue and Customs – VAT	Combined	175,911
HM Revenue and Customs – PAYE/NIC	163,620	TBC
Redundancy / Pay in lieu of notice claims	Uncertain	8,520
Trade and Expense	270,448	267,850

- 4.3 The quantum of any dividend distribution to unsecured creditors is dependent upon realisations achieved from any recoveries made from SFP Forensic's investigations and the collection of the outstanding sales ledger. These would also be subject to any further associated costs. Based upon current realisations, there will not be sufficient funds to pay a dividend to unsecured creditors.

## 5. The Joint Administrators' Costs

- 5.1 At **Appendix I** is the Company's Final Income and Expenditure Account as at 29 March 2011. This is in the main self explanatory.
- 5.2 At **Appendix II** is a breakdown of the time that has been incurred by the Joint Administrators' firm to date, together with details of charge out rates / activity summaries. At **Appendix VIII** is a Guide to Administrators' Fees, being set out in Statement of Insolvency Practice 9. The Joint Administrators' fees have previously been authorised by the creditors. Within 21 days of receipt of a progress report a creditor may request the Administrator 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.
- 5.3 At **Appendix III** is a breakdown of the time that has been incurred by SFP Forensic to date.
- 5.4 At **Appendix IV** is a breakdown of the time that has been incurred by SFP Recoveries to date.
- 5.5 At **Appendix V** is a breakdown of the time that has been incurred by SFP Property to date.
- 5.6 At **Appendix VI** is a breakdown of the time that has been incurred by SFP Datastore Limited ("SFP Datastore") to date. Details concerning SFP Datastore can be found at **paragraph 5.12**.
- 5.7 At **Appendix VII** is a breakdown of SFP and its associated entities' charge out rates.
- 5.8 The First Report detailed the position in relation to disbursements and certain types of expenditure. To ensure that creditors are aware of how this operates, this Report reiterates the position. Disbursements and specific expenditure relating to the administration of an insolvent estate and payable to an independent third party are recoverable without creditor approval. Such expenditure is made, if funds are available from the insolvent estate. If funds are not available the payment is made from the Joint Administrators' firm's office account which is reimbursed from the insolvent estate if and when funds become available.

- 5.9** Payments made out of a firm's office account and re-charged to an insolvent estate are defined as 'Category 1 Disbursements'. This disbursement is explained further under the Expenses and Disbursements heading in the Guide to Administrators' fees, at **Appendix VIII**. There have been Category 1 Disbursements incurred to date in respect of the following:

Expenses	£	839.67
Bonding	£	120.00
Statutory Advertising	£	177.12
Company Search	£	17.00
Postal Redirection	£	52.05

The following Category 1 Disbursements have been incurred by the Joint Administrators but not yet re-charged to the estate:

Company Search	£	20.00
Courier Charges	£	14.50
Land Registry	£	32.00

- 5.10** Expenditure incidental to the administration of the insolvent case, which by its nature includes an element of shared or allocated costs, are recoverable with creditor approval. These payments are defined as 'Category 2 Disbursements' and, once again, this disbursement is explained further in the Guide to Administrators' fees, at **Appendix VIII**. There have been Category 2 Disbursements incurred to date in respect of the following:

Postage	£	498.88
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The following Category 2 Disbursements have been incurred by the Joint Administrators but not yet re-charged to the estate:

Postage	£	218.40
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As detailed in the First Report, SFP Forensic, SFP Recoveries, SFP Property and SFP Datastore's remuneration will be treated as a Category 2 Disbursement. Creditors have previously provided sanction to recover disbursements of this type.

- 5.11** At **Appendix IX**, is a summary of Category 1 and Category 2 Disbursements, detailing the rates of the latter.
- 5.12** The fees incurred by chattel asset valuers Winterhill, SFP Forensic, SFP Recoveries, SFP Property and the solicitors assisting in this matter, Clarke Willmott, are calculated on a time cost basis. SFP Datastore has been employed by the Joint Administrators to retrieve, index and store the Company's books and records. Its fees are calculated on a fixed fee basis and on a time cost basis for any further work carried out.

## **6. Additional Points and Conclusion**

- 6.1** Creditors will recall that the Joint Administrators' approved proposals were to place the Company into creditors' voluntary liquidation. Further, for the Joint Administrators to take the appointment as Joint Liquidators without recourse to the creditors.
-

- 6.2 The requisite form is now in the process of being filed at Companies House to seek to place the Company into Liquidation. Following this, the Joint Liquidators will continue investigations into the Company's affairs.
- 6.3 Should any creditor have any questions or queries in relation to the above, please contact the Administrator dealing with this matter, Catherine Harrison on 020 7538 2222.

Dated this 31<sup>st</sup> day of March 2011

A handwritten signature in black ink, appearing to be 'D. Plant', with a long horizontal stroke extending to the right.

Daniel Plant  
Joint Administrator



**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX I**

- **Income and Expenditure Account / Comparison to Estimated Statement of Affairs**

**Envirotel Limited**  
**(In Administration)**

**INCOME AND EXPENDITURE ACCOUNT**

	Statement of affairs £	From 18/05/2010 To 17/11/2010 £	From 18/05/2010 To 29/03/2011 £
<b>RECEIPTS</b>			
Motor Vehicle	Uncertain	5,300 00	5,300 00
Cash at Bank		159 21	159 21
Bank Interest Gross		1 19	1 55
VAT Control Account		776 08	0 00
		6,236 48	5,460 76
<b>PAYMENTS</b>			
Pension Advice		300 00	300 00
SFP Datastore Disbursements		0 00	752 37
Joint Administrator's Remuneration		1,300 00	1,300 00
Joint Administrator's CAT 1 Disb		1,205 84	1,205 84
Joint Administrator's CAT 2 Disb		498 88	498 88
Agents/Valuers Disbursements		1,130 00	1,130 00
Legal Disbursements		30 00	30 00
Re-Direction of Mail		0 00	51 97
Vat Receivable		776 08	131 66
		5,240 80	5,400 72
<b>BALANCE - 29 March 2011</b>		<b>995 68</b>	<b>60 04</b>

**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX II**

- **Breakdown of Administrators Fees / Activity Codes**

SFP



## ENVIROTEL LIMITED (IN ADMINISTRATION)

## SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 18 MAY 2010 TO 29 MARCH 2011

## CLASSIFICATION OF WORK FUNCTION

CLASSIFICATION OF WORK FUNCTION											
Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total				
Administration and Planning	-	21 40	-	-	17 30	45 90	1 10	49 90	37 70	25 50	198 80
	-	1 20	-	-	-	-	-	-	-	-	1 20
	-	5 40	-	-	0 20	10 40	-	0 40	3 50	-	19 90
	-	-	-	-	-	0 20	-	-	-	-	0 20
Creditors	-	5 00	-	-	0 50	33 60	-	2 00	4 20	13 70	59 00
Total hours	-	33 00	-	-	18 00	90 10	1 10	52 30	45 40	39 20	279 10
Average rate £ per hour	-	400 00	-	-	250 00	225 00	200 00	150 00	100 00	75 00	191 75
Total costs £	-	13 200 00	-	-	4 500 00	20 272 50	220 00	7 845 00	4 540 00	2 940 00	53,517 50

Remuneration drawn on account

1,300 00

See Appendix for Summary Charge Out Rates for staff

## **SIP 9 STANDARD ACTIVITY SUMMARIES**

<b>Standard Activity</b>	<b>Examples of Work</b>
Administration and Planning	Case Planning Administrative set up Appointment and notification Maintenance of records Statutory reporting Estate accounting Schedule company books and records
Investigation	SIP 2 CDDA report Investigating antecedent transactions
Realisation of assets	Identifying, securing, insuring assets Retention of title Debt collection – pre and post appointment Property, business and asset sales Communication and negotiations with secured creditors
Trading	Planning Management of operation Communication/negotiation with suppliers Communication/negotiation with landlord Communication/negotiation with third parties Monitor goods outward/inwards Stock take On-going employee issues Travel
Creditors	Communication with creditors Creditor claims (including employees and other preferential creditors)

**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX III**

- **Breakdown of SFP Forensic Limited Fees**

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SFP



FORENSIC



ENVIROTEL LIMITED (IN ADMINISTRATION)

## SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 18 MAY 2010 TO 29 MARCH 2011

## CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Investigation	0 30	-	2 20	0 40	10 60	0 20	20 90
							16 80
							51 40

Total hours

	0 30	-	2 20	0 40	10 60	0 20	20 90	16 80	51 40
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Average rate £ per hour

	450 00	-	275 00	250 00	225 00	200 00	150 00	75 00	149 03
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Total costs £

	135 00	-	605 00	100 00	2 385 00	40 00	3,135 00	1,260 00	7,660 00
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Remuneration drawn on account

									0 00
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See Appendix for Summary Charge Out Rates for staff

**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX IV**

- **Breakdown of SFP Recoveries Limited Fees**



SFP



RECOVERIES



ENVIROTEL LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 18 MAY 2010 TO 29 MARCH 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Debt Collection	-	-	-	6 90	42 50	89 10	142 90
Total hours	-	-	-	6 90	42 50	89 10	142 90
Average rate £ per hour	-	-	250 00	200 00	150 00	100 00	124 32
Total costs £	-	-	1,100 00	1,380 00	6,375 00	8,910 00	17,765 00

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff



ENVIROTEL LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 18 MAY 2010 TO 29 MARCH 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Property Issues	5 80	-	-	-	-	12 60	7 70
							26 10
Total hours	5 80	-	-	-	-	12 60	7 70
							26 10
Average rate £ per hour	275 00	-	-	-	-	90 00	75 00
							126 69
Total costs £	1,595 00	-	-	-	-	1,134 00	577 50
							3,306 50

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

0 00

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**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX VI**

- **Breakdown of SFP Datastore Limited Fees / Disbursements**

SFP



DATASTORE

ENVIROTEL LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 18 MAY 2010 TO 29 MARCH 2011

CLASSIFICATION OF WORK FUNCTION

Boxing Up / Collection / Inventorising of Records

	Storage Tasks Staff Costs	Inventorising Staff Costs	Total
	35 30	11 60	46 90
Total hours	35 30	11 60	46 90
Average rate £ per hour	32 93	75 00	43 34
Total costs £	1162 50	870 00	2032 50
Remuneration drawn on account			0 00

See Appendix for Summary Charge Out Rates for staff

Disbursements	£
Storage boxes purchased 35 box @ £5 00 per box	175 00
Mileage 304 1 miles @ £1 10 per mile	334 51
Storage boxes	115 00
Storage cost	119 75
Subsistence	8 11
Disbursements Incurred	752 37
Disbursements drawn on account	752 37

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**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX VII**

- **SFP and Associated Entity Charge Out Rates**



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

Main Practice		SFP Forensic Limited		SFP Property Limited		SFP Recoveries Limited	
Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr
Managing Partner	450	Managing Director	450	Managing Director	275	Managing Director	450
Partner 2	400	Senior Manager 2	325	Senior Manager 2	250	Senior Manager 2	325
Partner 1	350	Senior Manager 1	300	Senior Manager 1	225	Senior Manager 1	300
Senior Manager 2	325	Manager 2	275	Manager 2	200	Manager 2	275
Senior Manager 1	300	Manager 1	250	Manager 1	175	Manager 1	250
Manager 2	275	Senior Administrator 2	225	Senior Administrator 2	150	Senior Administrator 2	225
Manager 1	250	Senior Administrator 1	200	Senior Administrator 1	130	Senior Administrator 1	200
Senior Administrator 2	225	Administrator 2	150	Administrator 2	110	Administrator 2	150
Senior Administrator 1	200	Administrator 1	100	Administrator 1	90	Administrator 1	100
Administrator 2	150	Assistant	75	Assistant	75	Assistant	75
Administrator 1	100						
Assistant	75						

SFP Datastore Limited	
Grade	Rate p/hr
<b>Storage Tasks (Retrieval and Collection)</b>	
Staff Costs	25
<b>Inventorsing and Additional</b>	
Staff Costs	75
<b>Retrieval Rates Guide</b> Box Storage A4                      18p / box / week A3                      21p / box / week Transit Cases            6p / box / week Retrieval costs from site    £1 10 per mile Same Day Delivery (up to 10 items)    £22 50 Next Day Delivery (up to 10 items)    £15 00 Delivery to third party offices (up to 10 items / £1 50 per item thereafter)    £25 00	

**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX VIII**

- **Guide to Administrators Fees / Liquidators Fees**



## 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, explain 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 8 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 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.

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:

## STATEMENT OF INSOLVENCY PRACTICE 9 (E &amp; W)



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 When seeking remuneration approval

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

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

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

7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed ( whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:



## STATEMENT OF INSOLVENCY PRACTICE 9 (E &amp; W)

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

4.2 If there is no creditors' committee or the committee does not make the requisite determination (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.

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

In this case, if there is 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.

4.4 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



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- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

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

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

## 7.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

## 7.3 Disbursements and other expenses

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

## 8 Progress reports and requests for further information

8.1 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.



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

- 8.2 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.

- 8.3 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.

- 9 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

- 10 What if a creditor is dissatisfied?

- 10.1 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.

- 10.2 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.

- 10.3 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

- 11 What if the administrator is dissatisfied?

- 11.1 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 each 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

- 12 Other matters relating to remuneration

- 12.1 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

- 12.2 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.

- 12.3 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

- 12.4 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

- 13 Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date.



## 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 this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.

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

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

## 3 The liquidation committee

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

3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee or when requested by a member of the committee or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

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- the size and complexity of the case

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

6.1.3 Where the liquidator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the liquidator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case together with where appropriate such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the liquidator has achieved and how it was achieved to enable the value of the exercise to be assessed (what recognising that the liquidator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the liquidator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent. The reasons for subsequent changes in strategy. Any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to renew their fees.

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

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



## 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 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 6 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 seeking remuneration approval

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

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

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## 6.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions the liquidator should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 7.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 6.1.3. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 6.1.4 above regarding work which has been sub-contracted out.

## 6.3 Disbursements and other expenses

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

## 6.4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration on 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 6 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing

- 9.4 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company

## 10. What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee or in the preceding administration is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the liquidation committee, the creditors in the preceding administration or in accordance with the statutory scale is insufficient, or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court

hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets

## 11 Other matters relating to remuneration

- 11.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned

- 11.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors

- 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 a winding-up resolution passed on or after 6 April 2010
- goes into voluntary liquidation immediately following an administration on or after 6 April 2010 except where the preceding administration began before that date
- goes into compulsory liquidation as the result of a petition presented on or after 6 April 2010 except where the liquidation was preceded by – an administration which began before that date – a voluntary liquidation in which the winding-up resolution was passed before that date

**Envirotel Limited (in Administration)**

**Report to Creditors**

**APPENDIX IX**

- **Category 2 Disbursement Summary Charge Sheet**

SFP



### **DIRECT EXPENSES (Category 1 Disbursements)**

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate as cost, with no uplift. These include, but are not limited, to such items as advertising, bonding and other insurance premiums and properly reimbursed expenses.

### **INDIRECT EXPENSES (Category 2 Disbursements)**

It is normal practice to also charge the following indirect disbursements (Category 2 Disbursements, as defined by SIP 9) to the case, where appropriate. These costs are as follows:

#### **Stationery / Photocopying**

#### **Cost Per Page / Envelope**

* 1 page of headed paper	0 12
* 1 page of continuation paper	0 10
* 1 page of photocopying paper	0 02
* Envelopes (all sizes)	0 10

#### **Postage**

#### **Postage Rate**

Postage – 1 <sup>st</sup> class (small)	0 32
Postage – 1 <sup>st</sup> class (large)	0 44
Postage – 2 <sup>nd</sup> class (small)	0 22
Postage – 2 <sup>nd</sup> class (large)	0 36

#### **Travel**

Mileage incurred as a result of necessary travel is charged at the Inland Revenue approved rate of 40p per mile.

**Please note that sanction has been obtained to treat the fees of SFP Forensic Limited, SFP Property Limited, SFP Recoveries Limited and SFP Datastore Limited as Category 2 disbursements.**