

LIQ03

Notice of progress report in voluntary winding up



Companies House

SATURDAY



A17 *A83C0MT6*
13/04/2019 #24
COMPANIES HOUSE

ie

1 Company details

Company number 0 6 6 7 4 3 1 0

Company name in full Butler Pearson Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Gavin

Surname Bates

3 Liquidator's address

Building name/number 9-10 Scirocco Close

Street Moulton Park

Post town Northampton

County/Region

Postcode N N 3 6 A P

Country

4 Liquidator's name

Full forename(s) Gary

Surname Pettit

• Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address

Building name/number 9-10 Scirocco Close

Street Moulton Park

Post town Northampton

County/Region

Postcode N N 3 6 A P

Country

• Other liquidator

Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	1	1	0	3	2	0	1	8
To date	1	0	0	3	2	0	1	9

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X 

X

Signature date

^d / ^d ^m ^m ^y ^y ^y ^y
1 / 2 0 4 2 0 1 9

LIQ03

Notice of progress report in voluntary winding up



Presenter information

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

Gavin Geoffrey Bates

PBC Business Recovery & Insolvency Limited

9-10 Scirocco Close

Moulton Park

Northampton

Postcode	N	N	3		6	A	P	
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DX

01604 212150



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

BUTLER PEARSON LIMITED – IN MEMBERS' VOLUNTARY LIQUIDATION

LIQUIDATORS' PROGRESS REPORT TO MEMBERS TO 10 MARCH 2019

1 Introduction

- 1.1 This report should be read in conjunction with my previous reports sent to members.

2 Statutory Information

- 2.1 The table below details key information regarding the company and the liquidation.

Company name:	Butler Pearson Limited – In Liquidation
Registered office:	9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP
Former registered office:	Brixworth House, 11 High Street, Brixworth, Northampton, NN6 9DD
Registered number:	06674310
Date of winding up resolution	11 March 2016
Joint Liquidators' names:	Gary Pettit and Gavin Bates
Joint Liquidators' address:	PBC Business Recovery & Insolvency Ltd ("PBC"), 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP
Joint Liquidators' date of appointment:	11 March 2016

3 Liquidators' Actions Since Appointment

- 3.1 Since appointment, the joint liquidators have undertaken the following actions:
- i. Realised the assets of the company as detailed below.
 - ii. Dealt with all routine correspondence and emails relating to the case.
 - iii. Maintained and managed (including regular bank reconciliations) the office holder's estate bank account and cashbook.
 - iv. Reviewed the adequacy of the specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
 - v. Undertaken periodic reviews of the progress of the case.
 - vi. Prepared, reviewed and issued annual progress reports to members.
 - vii. Filed returns at Companies House.
 - viii. Prepared and filed VAT returns.
 - ix. Prepared and filed Corporation Tax returns.

- x. Contacted HM Revenue & Customs to obtain tax clearance to close the liquidation.
- xi. Dealt with creditor correspondence, emails and telephone conversations regarding their claims.
- xii. Maintained up to date information on the case management system.
- xiii. Liaised with the company's accountants to obtain tax rebates.

3.2 The above list includes certain work that I am required by the insolvency legislation to undertake in connection with the liquidation but provides no financial benefit for the members.

4 Receipts and Payments

4.1 My receipts & payments account for the full period, together with the final period from 11 March 2018 to 10 March 2019 is attached.

4.2 The following transactions have occurred since the period covered by the report:

- **Tax Refunds** - £43,831.34
- **VAT Refund** - £496.08
- **Bank Interest** - £3.71

5 Assets

5.1 The following table details the current asset position.

Asset Type	Estimated to realise (£)	Realisations to date (£)
Fixtures & Fittings	1,909.00	1,909.00
Trade Debtors	3,403.00	3,403.20
Tax Refunds	8,077.00	43,831.34
Cash at Bank	582,609.00	582,559.96
Bank Interest Gross	NIL	27.39
Directors Loans	168,361.00	168,361.00
Furniture & Equipment	916.00	916.00
VAT Refund	NIL	496.08
Total	765,275.00	801,503.97

5.2 I would comment further as follows:

5.3 **Fixtures & Fittings, Furniture & Equipment and Directors Loans:** The declaration of solvency indicated these assets were estimated to realise £171,186 and were distributed in specie to the shareholders.

5.4 **Debtors:** The declaration of solvency indicated the company was owed £3,403.00 at the date of liquidation and this has been received in full.

- 5.5 **Tax Refunds:** The declaration of solvency estimated a tax refund of £8,077.00 was due to the company in respect of a refund of tax already paid on the director's overdrawn loan account. The corporation tax return was submitted showing the loan had been repaid and a year had passed steps were taken to reclaim the refund. However, the original figure was incorrect and a claim for refunds of approximately £42,000 were made. HMRC rejected some of the refunds as part of the claim was made out of time. After numerous communications with HMRC I received refunds totalling £43,831.34.
- 5.6 **Cash at Bank:** The declaration of solvency indicated the company held cash at bank of £582,609.00 and I received £582,559.96 in this respect.
- 5.7 **VAT Refund:** A refund of statutory interest was due from HMRC on a payment which was refunded to the company and I received £496.08 in this respect.
- 5.8 **Other Assets:** The following assets were realised in the period:

- i **Bank Interest** - £27.39

6 Liabilities

- 6.1 **Secured Creditors:** An examination of the company's mortgage register held by the Registrar of Companies, showed that the company has no current charges over its assets.
- 6.2 **Preferential Creditors:** The declaration of solvency anticipated no preferential creditors and no claims have been received.
- 6.3 **Crown Creditors:** The declaration of solvency included £64,387.00 owed to HMRC. HMRC's final claim of £99,489.00 has been received.
- 6.4 **Non-preferential unsecured Creditors:** The declaration of solvency anticipated no non-preferential unsecured creditors and no claims have been received.

7 Distributions

- 7.1 All creditors have been paid in full.
- 7.2 The following distributions were made to the members.

Date	Class of Share	Amount Distributed	Rate of distribution per share
15 March 2016	Ordinary	£478,814.00 (Cash) £171,186.00 (In Specie)	£6,500 per share
10 December 2018	Ordinary	£46,750.00	£467.50
8 February 2019	Ordinary	£95.96	£0.96

8 Liquidators' Remuneration

- 8.1 My remuneration was previously authorised by the members at a meeting held on 11 March 2016 and I was authorised to draw a fixed fee of £2,500 for my work as joint liquidator, which I have drawn in full.

9 Liquidators' Expenses

- 9.1 Members authorised that I could draw category 2 disbursements on 11 March 2016.
- 9.2 I have incurred expenses to 10 March 2019 of £110.90 none of which was incurred in the period since 11 March 2018.
- 9.3 I have drawn my expenses in full.
- 9.4 I have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Finance & Accounting for Business	Accounting – completion and filing of tax returns	Agreed Fee

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

10 Members' Rights

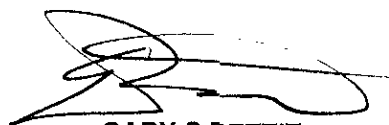
- 10.1 A member may, with the permission of the court or with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company request further details of the liquidator's remuneration and expenses, within 21 days of receipt of this report.
- 10.2 A member may, with the permission of the court or with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, apply to court to challenge the amount of remuneration charged by the joint liquidators as being excessive, and/or the basis of the joint liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this draft final account.
- 10.3 A copy of 'A Members Guide to Liquidators Fees' is enclosed Please note we have provided further details in the attached practice fee recovery sheet.

11 Provision of Services Regulations

- 11.1 To comply with the Provision of Services Regulations, some general information about PBC can be found at <http://www.pbcbusinessrecovery.co.uk/provision-of-services-regulations>.

12 Summary

- 12.1 As reported above, the winding up of the company is now for all practical purposes complete.
- 12.2 As the attached notice indicates, I will deliver my final account to members and file a final return at Companies House to bring the liquidation to an end 8 weeks after I have delivered the Draft Final Account to members, unless members require further information from me about, or apply to Court to object to, my remuneration and expenses. However, I can shorten that period if every member confirms in writing that they do not intend to make any such request for further information, or Court application. A form to enable you to give such confirmation is contained in the attached notice, and if you do not intend to make any such request for further information, or Court application, I would ask you to sign and return the duly completed form to me.
- 12.3 If members have any queries regarding the conduct of the liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Jenny Gent on the above telephone number, or by email at jennygent@pbcbusinessrecovery.co.uk.



GARY S PETTIT

Joint Liquidator

**Butler Pearson Ltd - In Members Voluntary Liquidation
Joint Liquidators' Abstract of Receipts & Payments**

From 11 March 2018 To 10 March 2019

S of A £		From 11/03/18	From 11/03/16
		To 10/03/19	To 10/03/19
ASSET REALISATIONS			
1,909.00	Fixtures & Fittings	NIL	1,909.00
3,403.00	Trade Debtors	NIL	3,403.20
8,077.00	Tax Refunds	43,831.34	43,831.34
582,609.00	Cash at Bank	NIL	582,559.96
	Bank Interest Gross	3.71	27.39
168,361.00	Directors Loans	NIL	168,361.00
916.00	Furniture & Equipment	NIL	916.00
	VAT refund	496.08	496.08
765,275		44,331.13	801,503.97
COST OF REALISATIONS			
	Specific Bond	NIL	(420.00)
	Office Holders Fees	NIL	(2,500.00)
	Office Holders Expenses	NIL	(110.90)
	Storage Costs	(31.76)	(31.76)
	Statutory Advertising	NIL	(225.00)
	Bank Charges	NIL	(50.00)
	Vat Irrecoverable	(81.35)	(81.35)
	Accountancy Fees	(375.00)	(1,750.00)
NIL		(488.11)	(5,169.01)
UNSECURED CREDITORS			
	HM Revenue & Customs	NIL	(99,489.00)
NIL		NIL	(99,489.00)
DISTRIBUTIONS			
(100.00)	Ordinary	(46,845.96)	(525,659.96)
	Ordinary Shareholders - In Specie	NIL	(171,186.00)
NIL		(46,845.96)	(696,845.96)
765,275		(3,002.94)	NIL
REPRESENTED BY			
	Vat Receivable		NIL
	PBC Business Recovery & Insolvency Limited re Butler Pearson Ltd		NIL
			NIL

**Gavin Geoffrey Bates
Joint Liquidator**

PRACTICE FEE RECOVERY POLICY FOR PBC BUSINESS RECOVERY & INSOLVENCY LTD

Introduction

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

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.pbcbusinessrecovery.co.uk/links/>. Alternatively a hard copy may be requested from PBC Business Recovery & Insolvency Ltd, 9/10 Scirocco Close, Moulton Park, Northampton, NN3 6AP. Please note that we have provided further details in this policy document.

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

Time cost basis

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

Charge-out Rates

Grade of staff	Current charge-out rate per hour, effective from 31 March 2019 (£)	Current charge-out rate per hour, effective from 31 March 2017 (£)
Partner (Appointment Takers)	400	380
Manager		
Associate	290	275
Case/Operations Manager	240	230
Other Senior Professionals		
Senior Case Administrator	190	180
Case Administrator	125	120
Junior Case Administrator	80	75
Assistants & Support Staff	45	45

These charge-out rates charged are reviewed on 31 March each year and are adjusted to take account of inflation and the firm's overheads.

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

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

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

- Realisation of Assets
- Investigations
- Trading
- Distributions of funds to creditors and/or shareholders
- Case Specific Matters

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

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

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

Percentage basis

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

expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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

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

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

Fixed fee

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

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

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances

that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' voluntary liquidations and Voluntary Arrangements

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

All bases

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

Agent's Costs

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

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

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

Disbursements

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

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

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

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

Room Hire	40.00	Per formal meeting at firm's offices
Mileage	0.45	Per mile travelled
	0.05	Passenger payment (per mile travelled)
Card printing	0.17	Per sheet
Digital photographs	0.50	High Resolution digital photographs - each
Electoral Database Search	1.00	Use of commercial database of electoral rolls
Archive boxes	5.00	Per box
Files & dividers	3.50	Per file
Labels	0.50	Per sheet used
Photocopying	0.15	Per sheet used

LIQUIDATION - A MEMBERS' GUIDE TO FEES IN ENGLAND AND WALES

1 Introduction

- 1.1 When a Company goes into Members' Voluntary Liquidation, the costs of the proceedings are paid out of its assets. A declaration of solvency is sworn by the directors indicating that the creditors will be paid in full with statutory interest from the Company's assets, with the remaining assets being distributed to the members. As a result, it is the members who 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 a mechanism for members to fix the basis of the Liquidator's fees. This guide is intended to help members be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how members 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. A solvent voluntary liquidation is called a Members' Voluntary Liquidation (often abbreviated to 'MVL'). In this type of liquidation an Insolvency Practitioner acts as Liquidator throughout and the members appoint the Liquidator at a general meeting of the Company.
- 2.3 In an MVL all creditors must be paid in full with statutory interest within the period stated in the declaration of solvency otherwise the Liquidator will have to convene a meeting of creditors and convert it to a Creditors' Voluntary Liquidation, i.e. an insolvent liquidation.

3 Fixing the Liquidator's remuneration

3.1 Basis

The basis for fixing the Liquidator's remuneration is set out in Rule 18.16 of The Insolvency (England and Wales) Rules 2016. The Rule states 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.

3.2 Who fixes the remuneration?

Rule 18.19 indicates that it is for the members at a general meeting of the Company 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 members to determine the percentage or percentages to be applied and Rule 18.16(9) says that in arriving at their decision the members 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 winding up;
- the effectiveness with which the Liquidator appears to be carrying out, or to have carried out, his or her duties; and
- the value and nature of the assets with which the Liquidator has to deal.

3.3 A resolution specifying the terms on which the Liquidator is to be remunerated may be taken at the general meeting of the Company which appoints the Liquidator.

3.4 If the remuneration is not fixed as above, 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 or her remuneration fixed by the members as described above, and in any case not later than 18 months after his or her appointment.

4 Review of remuneration

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

5 What information should be provided by the Liquidator?

5.1 General principles

5.1.1 The Liquidator should provide those responsible for approving his or her remuneration with sufficient information to them to make an informed

judgement about the reasonableness of the Liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to members, while being proportionate to the circumstances of the case.

5.1.2 The Liquidator should disclose:

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

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

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

5.2 Key issues

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

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

When providing information about payments, fees and expenses, the Liquidator should do so in a way which facilitates clarity of understanding of these key issues. Narrative explanations should be provided to support any numerical information supplied.

5.2.2 When approval for a fixed amount or a percentage basis is sought, the Liquidator should explain why the basis requested is expected to produce a fair and

reasonable reflection of the work that the Liquidator anticipates will be undertaken.

5.3 Disbursements

5.3.1 Costs met by and reimbursed to the Liquidator in connection with the liquidation will fall into two categories:

- Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the liquidation. 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: 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 may be incurred by the Liquidator or their firm, and that can be allocated to the liquidation on a proper and reasonable basis.

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

5.3.2 The following are not permissible as disbursements:

- 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. Progress reports and requests for further information

6.1 The Liquidator is required to send annual progress reports to members. In addition to the items described above and especially those in paragraph 5.2.1, the reports must include:

- details of the basis fixed for the fee 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 fee 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 fee charged during the periods covered by the previous reports, together with a

description of the things 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;
- details of progress during the period of the report, including a summary of the receipts and payments during the period;
- details of what remains to be done;
- where appropriate, a statement setting out whether, at the date of the report:
 - the expenses incurred or expected to be incurred are likely to exceed, or have exceeded, the details given to the creditors prior to the determination of the basis of fees; and
 - the reason for that excess.
- a statement of the members' rights to request further information, as explained in paragraph 6.2, and their right to challenge the Liquidator's fees and expenses.

6.2 Within 21 days of receipt of a progress report, a member 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 by a member or members representing at least 5% in value of the total voting rights of members (including himself), or any member with the permission of the Court.

6.3 The Liquidator must provide the requested information within 14 days, unless he or she 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.

6.4 Any member 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.

7. Provision of information – additional requirements

- 7.1 The Liquidator must provide certain information about the time spent on the case, free of charge, upon request by any creditor, director or member 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.
- 7.2 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.
- 7.3 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.

8 What if a member is dissatisfied?

- 8.1 If a member believes that the basis of the Liquidator's remuneration is inappropriate, or the remuneration charged or expenses incurred by the Liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the Court.
- 8.2 Application may be made to the Court by any member or members representing at least 10 per cent in value of voting rights (including himself), or by any member with 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 6.1 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.
- 8.3 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 out of the assets of the Company being wound up.

9. What if the Liquidator is dissatisfied?

- 9.1 If the Liquidator considers that the remuneration fixed by the members is insufficient or that the basis used to fix it is inappropriate, he or she may apply to the Court for the amount or rate to be increased or the basis changed.
- 9.2 If he or she decides to apply to the Court he must give at least 14 days' notice to the members, or such one or more of the members as the Court may direct, to appear or be represented at the Court hearing. The Court may order the costs of the application or of any member appearing at the Court hearing to be paid out of the assets.

10. Other matters relating to remuneration

- 10.1 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 or a meeting of members.
- 10.2 If the appointed Liquidator is a solicitor and employs his or her own firm to act in the winding up, profit costs may not be paid unless authorised by the members or the Court.
- 10.3 If a new Liquidator is appointed in place of another, any determination 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 by the members, or Court order, is made.
- 10.4 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, i.e. either to the members or the Court. Where the outgoing Liquidator and the incoming Liquidator are from the same firm, they will usually agree the apportionment between themselves.
- 10.5 There may also be occasions when members 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 members. Arrangements of this kind are sometimes made to fund litigation. Any arrangements of this nature will be a matter for agreement between the Liquidator and the members concerned and will not be subject to the statutory rules relating to remuneration.

11. Effective date

This guide applies where a Liquidator is appointed on or after 1 October 2015, or where information is provided by the Liquidator about fees, expenses or other payments after 6 April 2017.