

The Insolvency Act 1986**Liquidator's Progress
Report****S.192****Pursuant to Sections 92A and 104A
of the Insolvency Act 1986**

For Official Use

To the Registrar of Companies

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Company Number

06778785

Name of Company

Abstract Associates Limited

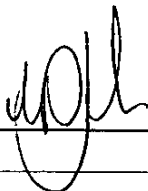
I / We
Adam Peter Jordan
Bridge House
Riverside North
Bewdley
Worcestershire
DY12 1AB

Nickolas Garth Rimes
Bridge House
Riverside North
Bewdley
Worcestershire
DY12 1AB

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

The Progress Report covers the period from 12 August 2011 to 11 August 2012

Signed



Date 10 / 10 / 12

Rimes & Co
Bridge House
Riverside North
Bewdley
Worcestershire
DY12 1AB

Ref ABST0548/AJ/NR/KC

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COMPANIES HOUSE

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

Statement of Affairs		From 12/08/2011 To 11/08/2012	From 12/08/2010 To 11/08/2012
	ASSET REALISATIONS		
3,616 00	Book Debts	NIL	NIL
2,700 00	Rent Deposit	NIL	1,566 74
	Director Contributions	NIL	4,365 92
	Bank Interest Net of Tax	1 62	4 36
		<u>1 62</u>	<u>5,937 02</u>
	COST OF REALISATIONS		
	Preparation of S of A.	3,303 50	3,303 50
	Joint Liquidators' Fees	1,292 09	1,292 09
	Joint Liquidators' Disbursements	124 88	124 88
	Pre Appointment Disbursements	113 92	113 92
	Professional Services	600 00	600 00
	Agents/Valuers Fees (1)	250 00	250 00
	Statutory Advertising	NIL	252 56
		<u>(5,684 39)</u>	<u>(5,936 95)</u>
	PREFERENTIAL CREDITORS		
(3,569 00)	Employees' Arrears - Hol Pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(51,317 00)	Trade & Expense Creditors	NIL	NIL
(4,901 00)	Employees' Claims - Notice & Red Pay	NIL	NIL
(600 00)	Barclays Bank Plc	NIL	NIL
(15,000 00)	HM Revenue & Customs - VAT	NIL	NIL
(33,000 00)	HM Revenue & Customs - PAYE/NIC	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(2 00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(102,073.00)</u>		<u>(5,682.77)</u>	<u>0 07</u>
	REPRESENTED BY		
	Bank 1 Current		0 07
			<u>0.07</u>


Adam Peter Jordan
Joint Liquidator

RIMES & CO

Licensed Insolvency Practitioners

**PRIVATE & CONFIDENTIAL
TO MEMBERS AND ALL KNOWN CREDITORS**

Our Ref ABST0548/NR/AJ/KC/HI

10 October 2012

Dear Sir(s)

Abstract Associates Limited - In Liquidation ("the Company")
Registered Number: 06778785 Registered Office: As Bewdley address below

Further to our appointment as Joint Liquidators by the members and creditors of the Company on 12 August 2010, we are writing to provide the second progress report on the administration of the estate, in accordance with Section 104A of the Insolvency Act 1986, (as amended) ("the Act")

Throughout the Liquidation, the Joint Liquidators have acted jointly and severally

The Joint Liquidators' Abstract of Receipts and Payments for the period 12 August 2011 to 11 August 2012, and for the Liquidation as a whole, showing asset realisations in the Liquidation and how they have been disbursed, is attached at **Appendix A**

RECEIPTS

Book Debts

At the date of Liquidation the Company had an outstanding sales ledger, that was made up of three accounts, of £5,165.96. The sales ledger had been estimated to realise £3,616 in the Director's Estimated Statement of Affairs

We have not been able to recover any funds from the debtors as each account balance was disputed. Despite requests being made we have not been provided with any of the supporting documentation from the Director that would have been required to challenge these disputes. We have therefore taken a commercial decision not to pursue the outstanding accounts as the costs associated with such action would not be considered beneficial to the estate.

Rent Deposit

At the date of Liquidation the landlord of the trading premises was holding a rent deposit of £2,700. Further to our appointment, and after taking into consideration deductions made by the

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Email info@rimesandco.co.uk | Website www.rimesandco.co.uk
Also at 1 Brassey Road, Old Potts Way, Shrewsbury SY3 7FA

11 G Rimes MABRP is licensed to act as an Insolvency Practitioner by The Secretary of State for Trade and Industry

A.P. Jordan MABRP MIPA is licensed to act as an Insolvency Practitioner by the Insolvency Practitioners Association

Rimes & Co is the trading name of Rimes & Co Limited registered in England and Wales under no. 06852450 whose registered office is Birch House, Harris Business Park, Bromsgrove B60 1DJ



RIMES & CO

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landlord under the terms of the tenancy agreement, £1,566 74 was received

Director's Contributions

We have received £4,365 92 from the Director personally as payment towards the costs of the Liquidation

All known assets have been realised and no further recoveries are anticipated

Bank Interest

Funds realised have been held on an interest bearing account and £4 36 has been received net of taxation, of which £1 62 was received during the reporting period.

INVESTIGATIONS

We have submitted our statutory report to The Department of Business, Innovation and Skills, in relation to the conduct of the Company's Director, in accordance with the Company Directors Disqualification Act 1986. The content of this report is, however, strictly private and confidential

We also have a duty to investigate the extent of the Company's assets, including potential claims against third parties (including the Director) and to report our findings to creditors. This is subject to considerations of confidentiality and whether those investigations, and/or any potential litigation might be compromised

Our preliminary assessment of the conduct of the Company's affairs by the Director prior to our appointment did not reveal any matters that it was in the interest of creditors for us to pursue. Accordingly, we did not conduct any further, more detailed investigations

OUTCOME FOR CREDITORS

Secured Creditors and the Prescribed Part

The Prescribed Part provisions of s176A of the Insolvency Act 1986 requiring the Joint Liquidators to set aside part of the funds that would be due to a Qualifying Floating Chargeholder ("QFC") for the benefit of non-preferential creditors do not apply to this estate as there is no QFC

Preferential and Unsecured Creditors, Notice of No Dividend

Assets realised have been and will be utilised fully in contributing towards defraying the administrative costs of the Liquidation

Accordingly, formal notice is hereby given, in accordance with Rules 4.186 and 11.7 of the Insolvency Rules 1986 (as amended), that no funds will be available to enable any form of distribution to be made to either the preferential or unsecured creditors

JOINT LIQUIDATORS' FEES, DISBURSEMENTS AND EXPENSES

Basis of remuneration and disbursements

At the initial meeting of creditors held pursuant to Section 98 of the Act on 12 August 2010 it was resolved that the Joint Liquidators would be remunerated by reference to time properly spent in dealing with this matter at the firm's standard charge out rates, and that their disbursements would be drawn in accordance with the firm's standard tariff

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Since the original approval of the basis of our remuneration there has been a change to our charge out rates and disbursement tariff, a copy of this is attached at **Appendix B**

Remuneration charged and drawn

The Joint Liquidators' time costs during the Liquidation to the anniversary date amount to £5,210 50 which represents 33 40 hours at an average hourly rate of £156

A breakdown of these time costs is attached at **Appendix C** We are required to provide the information in this format by Statement of Insolvency Practice 9

Creditors will note from the Receipts and Payments Account that the sum of £1,292 09 has been drawn to date in respect of these costs

Disbursements charged and drawn

Details of disbursements charged and drawn are given in **Appendix D**

Category 1 disbursements are in respect of expenses that were directly attributable to the case. Category 2 disbursements required specific authorisation and consist of disbursements that are not specifically identifiable to the case

Disbursements in the sum of £124 88 have been drawn to date

Expenses charged and drawn

Details of expenses charged and drawn are also given in **Appendix D**

We comment specifically that at the first meeting of creditors held on 12 August 2010 it was resolved that the fees and disbursements of Rimes & Co for assisting the Director in convening the statutory meetings to place the Company into Liquidation, and for assistance in preparing the Statement of Affairs, would be a set fee of £5,000, plus disbursements and VAT and would be paid out of the assets of the Company

This fee has been restricted to £3,303 50 representing the time costs actually incurred The sum of £113 92 has been drawn in respect of our pre appointment disbursements

Creditors' Guide to Fees and statement of creditors' rights

If you require further information relating to the Joint Liquidators' remuneration, expenses and disbursements please see **Appendix E** This also gives details of your rights as a creditor in this regard

MATTERS OUTSTANDING

There are no outstanding matters in the Liquidation, accordingly we will be commencing closing proceedings and anticipate being able to issue our draft final report to members and creditors within the next three months

If you require any further information, please do not hesitate to contact Kate Conneely on 01299 406355 or at the above address

RIMES & CO

Licensed Insolvency Practitioners

Yours faithfully

A handwritten signature in black ink, appearing to read 'A P Jordan', written over the printed name.

A P Jordan
Joint Liquidator

Abstract Associates Limited - In Liquidation

Appendix A

Joint Liquidators' Receipts and Payments Account to 11 August 2012

	Estimated to Realise £	12/08/2010 to 11/08/2011 £	12/08/2011 to 11/08/2012 £	Cumulative Total £
Receipts				
Book Debts	3,616 00	0 00	0 00	0 00
Rent Deposit	2,700 00	1,566 74	0 00	1,566 74
Director Contributions		4,365 92	0 00	4,365 92
Interest (Gross)		2 74	1 62	4 36
	<u>6,316 00</u>	<u>5,935 40</u>	<u>1 62</u>	<u>5,937 02</u>
Payments				
Pre Appointment Fees		0 00	3,303 50	3,303 50
Pre Appointment Disbursements		0 00	113 92	113 92
Joint Liquidators' Fees		0 00	1,292 09	1,292 09
Joint Liquidators' Disbursements		0 00	124 88	124 88
Professional Services		0 00	600 00	600 00
Pension Agents Fees		0 00	250 00	250 00
Statutory Advertising		252 56	0 00	252 56
		<u>252 56</u>	<u>5,684 39</u>	<u>5,936 95</u>
Opening Funds		0 00	5,682 84	
Net (Receipts/Payments)		5,682 84	-£5,682 77	
Funds in hand		<u>5,682 84</u>	<u>0 07</u>	

Abstract Associates Limited - In Creditors' Voluntary Liquidation

Guidance for creditors on charge out rates and allocated disbursements

Charge out rates

It is anticipated that the following grades of personnel will work on this case. Their current charge-out rates are set out below.

Grade of personnel	Hourly charge out rate (£)
Partner	275 - 325
Manager	220 - 275
Administrator	110 - 150
Cashiering & Secretarial	50 - 110

Time is charged in units of 6 minutes. In common with other professional firms, our charge-out rates increase from time to time over the period of administration of a case. Subcontractors, if used, will be recharged at cost.

Allocated disbursements

Details of the proposed charges for which approval is required are set out below.

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned (members' and creditors' meetings on the same day treated as one meeting)
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 15p per page
- Envelopes for all circulars to creditors are re-charged to the case at 20p per C4 window envelope
- Business rate mileage, at a cost of between 40p and 80p per mile in relation to the running costs of different classes of vehicle

It should be noted that the above costs might increase from time to time. However, this would only be as a result of inflationary increases or in line with increases from my suppliers.

Abstract Associates Limited - In Liquidation

Appendix C

SIP 9 - Time & Cost Summary
Period 12 August 2010 to 11 August 2012

Time Summary

Classification of work function	Hours			Total Hours	Time Costs £	Avg hourly rate £
	Partner	Manager	Administrator			
Admin & Planning	0 70	0 00	14 80	15 50	2,172 50	140 16
Taxation	0 00	0 00	1 00	1 00	128 00	128 00
Investigations	0 00	0 00	3 00	3 00	450 00	0 00
Realisation of Assets	0 80	0 00	4 10	4 90	835 00	170 41
Employee Claims	0 00	0 00	3 60	3 60	540 00	0 00
Creditors	1 40	0 00	3 20	4 60	865 00	188 04
Statutory Reporting	0 80	0 00	0 00	0 80	220 00	0 00
Total Hours	3 70	0 00	29 70	33 40		
Total Time Costs (£)	1,017 50	0 00	4,193 00		5,210 50	
Average Hourly Rate by Grade (£)	275 00	0 00	141 18			156 00

Abstract Associates Limited - In Liquidation

Appendix Ci

SIP 9 - Time & Cost Summary
Period 12 August 2010 to 11 August 2011

Time Summary

Classification of work function	Hours			Total Hours	Time Costs £	Avg hourly rate £
	Partner	Manager	Administrator			
Admin & Planning	0 00	0 00	10 60	10 60	1,462 00	137 92
Taxation	0 00	0 00	0 60	0 60	84 00	140 00
Investigations	0 00	0 00	3 00	3 00	450 00	150 00
Realisation of Assets	0 00	0 00	4 10	4 10	615 00	150 00
Employee Claims	0 00	0 00	3 60	3 60	540 00	150 00
Creditors	0 80	0 00	2 70	3 50	625 00	178 57
Statutory Reporting	0 80	0 00	0 00	0 80	220 00	275 00
Total Hours	1 60	0 00	24 60	26 20		
Total Time Costs (£)	440 00	0 00	3,556 00		3,996 00	
Average Hourly Rate by Grade (£)	275 00	0 00	144 55			152 52

Abstract Associates Limited - In Liquidation

Appendix Cii

SIP 9 - Time & Cost Summary
Period 12 August 2011 to 11 August 2012

Time Summary

Classification of work function	Hours			Total Hours	Time Costs £	Avg hourly rate £
	Partner	Manager	Administrator			
Admin & Planning	0 70	0 00	4 20	4 90	710 50	145 00
Taxation	0 00	0 00	0 40	0 40	44 00	110 00
Investigations	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of Assets	0 80	0 00	0 00	0 80	220 00	275 00
Employee Claims	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 60	0 00	0 50	1 10	240 00	218 18
Statutory Reporting	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	2 10	0 00	5 10	7 20		
Total Time Costs (£)	577 50	0 00	637 00		1,214 50	
Average Hourly Rate by Grade (£)	275 00	0 00	124 90			168 68

Abstract Associates Limited - In Liquidation**Appendix D****Joint Liquidators' Disbursements Incurred and Paid**

An analysis of the Joint Liquidators' disbursements is summarised below -

	Incurred £	Unpaid £	Paid £
Category 1			
Insolvency Bond	104 00	104 00	0 00
Postage	20 88	20 88	0 00
	<u>124 88</u>	<u>124 88</u>	<u>0 00</u>

Category 2

Envelopes	4 06	4 06	0 00
Photocopying	23 20	23 20	0 00
	<u>27 26</u>	<u>27 26</u>	<u>0 00</u>

Joint Liquidators' Expenses Incurred and Paid

Details of the Joint Liquidators' expenses are summarised below -

Expense	Paid to	Basis of payment
Pre Liquidation Fees	Rimes & Co	Approved by creditors on 12 August 2010
Pre Liquidation Disbursemer	Rimes & Co	Approved by creditors on 12 August 2010
Statutory Advertising	Courts Advertising	Statutory payment - set tariff
Pension Advisory Fees	Insol Financial Solutions Limited	Set fee
Professional Services	Cambridge Recovery Limited	Time Costs

		Incurred £	Unpaid £	Paid £
Pre Liquidation Fees	Rimes & Co	3,303 50	0 00	3,303 50
Pre Liquidation Disbursemer	Rimes & Co	113 92	0 00	113 92
Statutory Advertising	Courts Advertising	252 56	0 00	252 56
Pension Advisory Fees	Insol Financial Solutions Limited	250 00	0 00	250 00
professional Services	Cambridge Recovery Limited	600 00	0 00	600 00
		<u>4,519 98</u>	<u>0 00</u>	<u>4,519 98</u>

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, explains 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 minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or 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

4 Fixing the liquidator's remuneration

4 1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 – 4.127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed

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

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

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

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

4 2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator

4 3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules

4 4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below)

5 Review of remuneration

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

6 What information should be provided by the liquidator?

6.1 When 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
- 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 (whilst 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 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

- 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

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 out of the proceeds (see paragraph 11.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors

7 Progress reports and requests for further information

7 1 The liquidator is required to send annual progress reports to creditors. The reports must include

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

7 2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

7 3 The liquidator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the liquidator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

8. Provision of information – additional requirements

The liquidator must provide certain information about the time spent on the case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the liquidator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the

liquidator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office.

9 What if a creditor is dissatisfied?

9.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing

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

9.3 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7.1 above). If the court does not dismiss the application (which it may if it considers that 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