

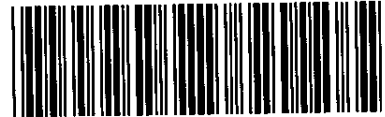
LIQ03

Notice of progress report in voluntary winding up



Companies House

TUESDAY



A18 20/02/2018 #116
COMPANIES HOUSE

1 Company details

Company number 6 9 1 6 6 5 6
Company name in full Above The Rest Cleaning Services Midlands Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Philip Anthony
Surname Brooks

3 Liquidator's address

Building name/number Blades Insolvency Services
Street Charlotte House
19B Market Place
Post town Bingham
County/Region Nottingham
Postcode N G 1 3 8 A P
Country

4 Liquidator's name ①

Full forename(s) Julie Elizabeth
Surname Willetts

① Other liquidator
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number Blades Insolvency Services
Street Charlotte House
19B Market Place
Post town Bingham
County/Region Nottingham
Postcode N G 1 3 8 A P
Country

② Other liquidator
Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6 Period of progress report

From date	d	1	d	6	m	1	m	2	y	2	y	0	y	1	y	6
To date	d	1	d	5	m	1	m	2	y	2	y	0	y	1	y	7

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature	Signature	x		x												
Signature date	d	1	d	4	m	0	m	2	y	2	y	0	y	1	y	8

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.

Contact name **Philip Anthony Brooks**

Company name **Blades Insolvency Services**

Address **Charlotte House**

19B Market Place**Bingham**

Post town **Nottingham**

County/Region

Postcode **N G 1 3 8 A P**

Country

DX

Telephone **01949831260**

**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

Our ref PAB/2620/A
14 February 2018

TO ALL MEMBERS AND CREDITORS

Dear Sir

**ABOVE THE REST CLEANING SERVICES (MIDLANDS) LIMITED
IN CREDITORS VOLUNTARY LIQUIDATION**

I refer to my appointment as joint liquidator of the above company on 16 December 2014 and write to provide you with a copy of my progress report for the third year of my administration.

If you have any queries concerning the enclosed report or on the conduct of the liquidation in general please contact either me or my colleague, Christine Lingard.

Yours faithfully
for and on behalf of
ABOVE THE REST CLEANING SERVICES (MIDLANDS) LIMITED



P A Brooks
Joint Liquidator

Enc

Philip Anthony Brooks and Julie Willetts are Licenced Insolvency Practitioners bound by the Insolvency Code of Ethics

Charlotte House, 19B Market Place
Bingham, Nottingham, NG13 8AP
T: 01949 831260 F: 01949 831960
E: advice@bladesinsol.co.uk
www.bladesinsol.co.uk

Directors Philip Brooks MIPA Julie Willetts MIPA

Our ref PAB/2620/A
14 February 2018

**ABOVE THE REST CLEANING SERVICES (MIDLANDS) LIMITED
IN LIQUIDATION**

LIQUIDATORS' REPORT PURSUANT TO SECTION 104A INSOLVENCY ACT 1986

Introduction

The company went into liquidation on 16 December 2014. This report covers the period from 16 December 2016, being the date of my second annual progress report, to 15 December 2017 and should be read in conjunction with my earlier reports.

Company and liquidators' details

Company registered number:	06916656
Nature of business:	Contract cleaner
Former trading address:	The Old Pencil Works, Lenton Street, Sandiacre, Nottingham, NG20 5DJ
Date of liquidators' appointment:	16 December 2014
Names of joint liquidators:	P A Brooks and J Willetts
Changes in office holders (if any):	None
Registered office address:	Charlotte House, 19B Market Place, Bingham, Nottingham, NG13 8AP

Liquidators' receipts and payments account

A copy of my receipts and payments account for the period from 16 December 2014 to 15 December 2017, together with a summary of my receipts and payments for the current reporting period, is attached which I believe is self-explanatory.

All funds are held in a bank account in the name of the insolvent estate.

Realisation of assets

- Cash at bank represents the balance of funds held in the company's bank account which had been suspended pending the appointment of a liquidator.
- At the date of liquidation the company's records reported outstanding trade debts with a book value of £8,790. The estimated realisable value included in the director's statement of affairs was £4,400 and realisations total £5,581. No further recoveries are anticipated due to an absence of supporting documentation.
- No amount has been realised in respect of the company's motor vehicle, fixtures and fittings and stock in trade which were included in the director's statement of affairs at an estimated realisable value of £3,500 and I have been unable to obtain an inventory of what assets were transferred prior to the date of liquidation. In view of the limited value of the respective assets I do not intend to incur further costs in attempting to obtain this information since, after taking account of the associated costs, it is unlikely there would be any funds to benefit creditors.
- I have identified no documentation to support or evidence ownership by the company of the land and buildings included within the accounts at 31 March 2013 with a book value of £17,966. No realisable value was included within the statement of affairs as the director contends that the company rented the asset (a lock up garage) from the company. Based on advice from my solicitors I do not believe there is any commercial merit in continuing to investigate this matter.

Expenses of the liquidation

During the current reporting period I have paid £806 in respect of legal fees and disbursements associated with advice on the property referred to above.

I believe that the remaining expenses in the current reporting period are self-explanatory.

Creditors' claims and dividends

- **Secured**

There are no charges registered against the company.

- **Preferential**

No claims have been received from preferential creditors and none have been identified.

- **Non-preferential**

A claim has been received from one non-preferential creditor totalling £29,308. Two further creditors totalling £78,226, being the director and an associated company, have not submitted a claim. The statement of affairs disclosed three creditors with claims totalling £104,524.

- **Dividend prospects**

There will be no funds available to permit the payment of a dividend to creditors in the liquidation.

Liquidators' fees and disbursements

I have incurred disbursements of £564 which may be summarised as follows;

Type of expense	Total brought forward £	Incurred this period £	Paid £
Statutory advertising	216	-	216
Insolvency bond	296	-	296
Company search	20	-	20
Postage and stationery	22	10	32
Total	554	10	564
	=====	=====	=====

Postage and stationery costs are "Category 2" disbursements which generally relate to shared or allocated costs arising from internal charges made for items such as postage, faxes and photocopying.

Details of the rates at which these charges are made are enclosed with this report. In my opinion the charges are in line with the cost of external provision of these charges. Approval to recover these expenses was obtained at the initial meeting of creditors.

At the meeting of creditors held on 16 December 2014 the following resolutions were approved:

- "Payment of £4,000 plus disbursements plus VAT be made to Blades Insolvency Services as an expense of the liquidation in respect of fees and disbursements for convening the meeting and the preparation of the statement of affairs".
- "The joint liquidators be authorised to draw their remuneration on a time cost basis as and when required".

To reduce the level of professional costs certain work has been conducted by staff under my supervision. The level of staff has been selected based upon the nature and complexity of the assignment.

The current hourly charge-out rate for each grade of staff is included in the fee recovery policy for this practice which is attached to this report. All staff involved in the assignment have been charged directly to the case and there has been no general overhead allocation in respect of support staff. There has been no increase in my firm's hourly rates during this reporting period.

A copy of "A Creditors' Guide to Liquidators' Fees" which forms part of Statement of Insolvency Practice number 9, a statement of best practice agreed by the various insolvency regulatory authorities, is also enclosed for your information.

I have incurred time costs of £8,858 in respect of work undertaken since the date of liquidation. This represents a total of 50.70 hours spent at an average hourly rate of £174.71. This compares to an average hourly rate at the date of my last annual progress report of £180.48.

During the current reporting period I have incurred time costs of £2,108 which represents a total of 13.30 hours spent at an average hourly rate of £158.50.

In addition to the work that has been necessary to comply with my statutory obligations the principal work undertaken during this reporting period has been the investigation into the company's chattel assets and the freehold property recorded in the company's accounting records.

To date I have drawn no fees on account of these costs due to an absence of funds.

Investigation into the affairs of the company

I undertook a proportionate investigation into the company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the amount of funds likely to be available to pay the costs of an investigation and the relevant costs involved.

As previously reported I am continuing to investigate the recoverability of certain assets.

Company Directors Disqualification Act 1986

In accordance with the provisions of the Company Directors Disqualification Act 1986, I confirm that I have fulfilled my statutory obligation and submitted a report on the conduct of the director of the company to the Secretary of State.

Professional advisors

During the course of the liquidation I have used the following professional advisor:

Name of advisor	Nature of work	Basis of fees
Nelsons Solicitors Limited	Legal advice	Time costs

My choice of advisor was based upon my assessment of their experience and ability to undertake this type of work, taking into account the complexity of the case. I have reviewed the fee charged on the basis of the fee arrangement and I believe these are reasonable taking into account the nature and circumstances of this case.

Outstanding matters

The liquidation is substantially complete and I expect to be in a position to issue my final account within eight weeks.

Complaints

Whilst my firm strives to provide a professional and efficient service, it is in the nature of insolvency proceedings for disputes to arise from time to time. If you have any complaints about this case, you should, in the first instance, put details of your complaint in writing to my firm. This will formally invoke our complaints procedure and we will endeavour to deal with your complaint in writing within a period of twenty one days of receipt.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS1 1 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner

Creditors' rights

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

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

Please do not hesitate to contact me should you require any further information.



P A Brooks
Joint Liquidator

**ABOVE THE REST CLEANING SERVICES (MIDLANDS) LIMITED
IN LIQUIDATION**

**LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD FROM 16 DECEMBER 2014 TO 15 DECEMBER 2017**

Statement of affairs		From 16/12/2014 to 15/12/2016	From 16/12/2016 to 15/12/2017	Total
£		£	£	£
RECEIPTS				
1,078	Cash at bank	1,039.11		1,039.11
1,500	Plant and machinery			0.00
1,500	Motor vehicles			0.00
400	Fixtures and fittings			0.00
100	Stock in trade			0.00
4,400	Trade debts	5,581.14		5,581.14
	VAT	906.30	160.00	1,066.30
<u>8,978</u>		<u>7,526.55</u>	<u>160.00</u>	<u>7,686.55</u>
PAYMENTS				
	Cost of convening creditors' meeting	4,000.00		4,000.00
	Liquidators' disbursements	531.50		531.50
	Petitioning creditor's costs	920.00		920.00
	Legal fees		806.00	806.00
	Bank charges	157.85	60.00	217.85
	VAT	906.30	160.00	1,066.30
		<u>6,515.65</u>	<u>1,026.00</u>	<u>7,541.65</u>
	Balance	<u>1,010.90</u>	<u>(866.00)</u>	<u>144.90</u>

LIQUIDATIONS - A CREDITORS' GUIDE TO INSOLVENCY PRACTITIONERS' 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 (also referred to in this guide as 'remuneration'). 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 participate in the appointment of the liquidator. A solvent liquidation is called a members' voluntary liquidation. It should be noted that this guide does not extend to members' voluntary liquidations as the fees in these cases are not determined by the creditors.

2.3 In a compulsory liquidation, the function of the 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 the specialist skills of an insolvency practitioner are required or the majority of creditors request the appointment of an insolvency practitioner, an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver. Where an insolvency practitioner is not appointed the official receiver remains as 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. An invitation to decide on whether a committee is to be established will be sent to creditors at the same time as a decision is sought on the appointment of a liquidator. 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 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 fees

4.1 Basis

4.1.1 The basis for fixing the liquidator's fees is set out in Rules 18.16, 18.17, 18.19 and 18.20 of the Insolvency (England and Wales) Rules 2016. The Rules state that the basis of fees must be fixed:

- as a percentage of the value of the assets which are realised, distributed or both, by the liquidator
- 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.

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

4.2 Advance information where fees are not based on time costs

4.2.1 Prior to the determination of the basis of fees, the liquidator must give the creditors details of the work the liquidator proposes to undertake, and the expenses he considers will be, or are likely to be, incurred.

4.3 Fees estimates where fees are to be based on time costs

4.3.1 Where the liquidator proposes to take fees based on time costs, he must first provide the creditors with detailed information in the form of a 'fees estimate'. A fees estimate is a written estimate that specifies –

- details of the work the liquidator and his staff propose to undertake;
- the hourly rate or rates the liquidator and his staff propose to charge for each part of that work;
- the time the liquidator anticipates each part of that work will take;
- whether the liquidator anticipates it will be necessary to seek approval or further approval under the Rules; and
- the reasons it will be necessary to seek such approval.

4.3.2 In addition, the liquidator must give the creditors details of the expenses he considers will be, or are likely to be, incurred.

4.4 Who fixes the fees?

4.4.1 It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the fees are to be fixed. Where it is fixed as a set amount or a percentage, it is for the committee to determine the amount, percentage or percentages to be applied. Rule 18.18 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 property with which the liquidator has to deal.

- 4.4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's fees may be fixed by a decision of the creditors by a decision procedure. The creditors take account of the same matters as apply in the case of the committee.
- 4.4.3 If the fees are 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 fees 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 calculated in accordance with a scale set out in the Rules.
- 4.4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of fees fixed in the administration continues to apply in the liquidation).
5. **Review of fees**
- 5.1 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.
- 6 **What information should be provided by the liquidator?**
- 6.1 **General principles**
- 6.1.1 The liquidator should provide those responsible for approving his fees with sufficient information to enable 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 creditors, while being proportionate to the circumstances of the case.
- 6.1.2 A proposed liquidator may issue a fees estimate to creditors prior to being appointed liquidator.
- 6.1.3 The liquidator should disclose:
- payments, fees 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 fees or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.
- 6.1.4 The liquidator should inform creditors and other interested parties 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.
- 6.1.5 Where the liquidator sub-contracts out work that could otherwise be carried out by the liquidator or his staff, this should be drawn to the attention of creditors with an explanation of why it is being done.
- 6.2 **Key issues**
- 6.2.1 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; and 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 creditors, and if so what anticipated 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 creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute).
- 6.2.2 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. Where it is practical to do so, the liquidator should provide an indication of the likely return to creditors when seeking approval for the basis of his fees.
- 6.2.3 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.
- 6.3 **Fee estimates and subsequent reports**
- 6.3.1 When providing a fees estimate, the liquidator should supply that information in sufficient time to facilitate those with the authority to approve fees making an informed judgement about the reasonableness of the liquidator's requests. The estimate should clearly describe what activities are anticipated to be conducted in respect of the estimated fee.
- 6.3.2 When subsequently reporting to creditors, the actual hours and average rate (or rates) of the costs charged for each activity should be provided for comparison.
- 6.4 **Disbursements**
- 6.4.1 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. Category 2 disbursements require approval in the same manner as a liquidator's fees.
- 6.4.2 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.
- 6.4.3 The following are not permissible as disbursements:
- a charge calculated as a percentage of fees;
 - an administration fee or charge additional to the liquidator's fees; recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

6.5 Payment of pre-appointment expenses

6.5.1 The following categories of expenses may be paid out of the company's assets, either before or after the commencement of the winding up, as an expense of the winding up:

- any reasonable and necessary expenses of preparing the statement of affairs
- any reasonable and necessary expenses of the decision procedure or deemed consent procedure to seek a decision from the creditors on the nomination of liquidator

6.5.2 If payment has not been made pre-commencement of the liquidation, payment may not be made to the liquidator or any associate of the liquidator, otherwise than with the approval of the liquidation committee, creditors or the court.

6.5.3 Disclosure should be made of amounts already paid to the liquidator in respect of pre-appointment costs, giving the amounts paid, the name of the payer, and its relationship to the estate and the nature of the payment.

6.5.4 Disclosure should follow the principles and standards as set out in this Guidance.

6.6 Realisations for secured creditors

6.6.1 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 in any reports he sends to creditors.

7. Exceeding the amount set out in the fees estimate

7.1 Fees cannot be drawn in excess of the fees estimate without approval by the body which fixed the original basis of the fee. The request for approval must specify –

- the reason why the liquidator has exceeded, or is likely to exceed, the fees estimate;
- the additional work the liquidator has undertaken or proposes to undertake;
- the hourly rate or rates the liquidator proposes to charge for each part of that additional work;
- the time that additional work has taken or the liquidator anticipates that work will take;
- whether the liquidator anticipates that it will be necessary to seek further approval; and
- the reasons it will be necessary to seek further approval.

8. Progress reports and requests for further information

8.1 The liquidator is required to send annual progress reports to creditors. In addition to the items described above and especially those in paragraph 6.2.1, 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 needs to be done;

• where appropriate, a statement setting out whether, at the date of the report –

- the fee expected to be charged is likely to exceed the fees estimate or any approval given;
- 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 creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the liquidator's fees and expenses.

8.2 Within 21 days of receipt of a progress report a creditor may request the liquidator to provide further information about the fees 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.

8.3 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 some or all of the information.

8.4 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.

9. Provision of information – additional requirements

9.1 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.

9.2 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.

9.3 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.

9.4 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.

10. What if a creditor is dissatisfied?

10.1 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.

10.2 If a creditor believes that the liquidator's fees are excessive, 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.

10.3 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 fees 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 liquidator a copy of the application and supporting evidence at least 14 days before the hearing.

10.4 If the court considers the application well founded, it may order that the fees 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.

10.5 On receipt of the liquidator's final account creditors have 8 weeks in which they may challenge the liquidator's fees and expenses as set out above.

11. What if the liquidator is dissatisfied?

11.1 If the liquidator considers that the fees 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 decision of the creditors. If he considers that the fees 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.

12. Other matters relating to fees

12.1 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.

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

12.3 If a new liquidator is appointed in place of another, any determination, decision 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, decision or court order is made.

12.4 Where the basis of the fees 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 fees. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.

12.5 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.

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.

13.

PRACTICE FEE RECOVERY POLICY FOR BLADES INSOLVENCY SERVICES

Introduction

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

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorsinsolvencyguide.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 <https://www.r3.org.uk/what-we-do/publications/professional/fees>. Alternatively a hard copy may be requested from Blades Insolvency Services, Charlotte House, 19B Market Place, Bingham, Nottingham, NG13 8AP. 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.

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

Time cost basis

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

Charge out rates

Grade of staff	Current charge out rate per hour, effective from 1 November 2017 £	Previous charge out rate per hour, effective from 1 November 2016 £
Partner	260	260
Administrator	100	100
Case Administrator	70	70
Cashier	70	70

These charge-out rates charged are reviewed annually and, where relevant, are adjusted to take account of inflation and the firm's overheads.

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

- Administration and planning
- Investigations
- Realisation of assets
- Creditors
- Trading
- Case specific matters

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we may seek approval for our fees to be based on a percentage basis or as a fixed sum, both of which are explained further below.

When we seek time costs approval we have to provide 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 explain 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 most of our fees were recovered on a time costs basis and appropriate prior to 1 October 2015, 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 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.

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

All bases

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

Agent's costs

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

- Solicitors/Legal advisors
- Auctioneers/Valuers
- Accountants
- Quantity surveyors
- Estate agents
- Other specialist advisors

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

Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2. Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Blades Insolvency Services. In the case of the latter, the invoice will make 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 search fees. A software licence fee of £125.00 will be charged to each case. This is a fixed fee, irrespective of the duration of the relevant insolvency procedure.

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	£75.00	
Mileage	45p per mile	
Storage	£10.00 box per annum (to include the cost of transport and eventual destruction of the records).	
Circular letters	5p per sheet to reflect the cost of stationery and photocopying or printing. The actual cost of postage will be separately charged to the estate. (No charge is made for individual letters relating to the administration of the insolvent estate).	