

Section 106

Return of Final Meeting in a
Creditors' Voluntary Winding UpPursuant to Section 106 of the
Insolvency Act 1986

To the Registrar of Companies

S.106

Company Number

07071872

Name of Company

Abcellute Tissue Bank

I / We

Ian J Gould, New Guild House, 45 Great Charles Street, Queensway, Birmingham

Edward T Kerr, Pannell House, 159 Charles Street, Leicester LE1 1LD

Note The copy account must be
authenticated by the written
signature(s) of the Liquidator(s)

1 give notice that a general meeting of the company was duly ~~held on~~/summoned for 2 December 2015 pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having an account (of which a copy is attached) laid before it showing how the winding up of the company has been conducted, and the property of the company has been disposed of, and that ~~the same was done accordingly~~ / no quorum was present at the meeting,

2 give notice that a meeting of the creditors of the company was duly ~~held on~~/summoned for 2 December 2015 pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having the said account laid before it showing how the winding up the company has been conducted and the property of the company has been disposed of and that ~~the same was done accordingly~~/no quorum was present at the meeting

The meeting was held at

The winding up covers the period from 8 October 2012 (opening of winding up) to the final meeting (close of winding up)

The outcome of any meeting (including any resolutions passed) was as follows

- 1 That the Joint Liquidators' Final Receipts and Payments Account be approved
- 2 That the Joint Liquidators' Final Report be approved
- 3 That the Joint Liquidators be released following the Final Meeting of Members and Creditors
- 4 That the books, documents and records of the company be retained for 15 months following the final meeting of Members and Creditors and thereafter be destroyed

Signed



Date 02 December 2015

BDO LLP
Pannell House
159 Charles Street
Leicester
LE1 1LD

Ref 04022851/IJG/ETK/KO/DC/HD/CB/KB

FRIDAY



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04/12/2015

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COMPANIES HOUSE

**Abcellute Tissue Bank
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
From 8 October 2012 To 2 December 2015**

S of A £		£	£
	ASSET REALISATIONS		
2,712 00	Book Debts	792 00	
NIL	Abcellute Limited	NIL	
	Bank Interest Gross	2 07	
	Bank Interest Net of Tax	1 12	
			795 19
	COST OF REALISATIONS		
	Office Holders Fees	27 06	
	Non-Reclaimable VAT	22 33	
	Storage Costs	459 81	
	Statutory Advertising	285 99	
			(795 19)
	PREFERENTIAL CREDITORS		
(250 00)	Employees Wage Arrears and Holiday	NIL	
			NIL
	UNSECURED CREDITORS		
(1,601 00)	Trade & Expense Creditors	NIL	
(2,195 00)	Employees - Redundancy and PILON	NIL	
(30,032 00)	Accruals	NIL	
(9,964 00)	H M Revenue & Customs - VAT	NIL	
(29,236 00)	Abcellute Holdings Limited	NIL	
			NIL
(70,566.00)			0 00

REPRESENTED BY

NIL



Edward T Kerr
Joint Liquidator

To All Known Members and Creditors

2 December 2015

Our Ref ETK/KOR/DC/0100

Please ask for
Diane Chapman
0116 250 4400

Dear Sirs

**Abcellute Tissue Bank in Liquidation - In Creditors' Voluntary Liquidation
Final Report to Members and Creditors Pursuant to Rule 4.49D of the Insolvency Rules 1986**

I refer to my appointment as Joint Liquidator of the Company and confirm that I am now in a position to conclude the liquidation in accordance with Section 106 of the Insolvency Act 1986

Please find attached to this letter the following enclosures

- 1) A final progress report to members and creditors, together with the following attachments:
 - a Statutory Information
 - b. An abstract of the Joint Liquidators' receipts and payments account for the period of the report and from 8 October 2014 to date.
 - c Analysis of the time charged to the liquidation estate in the period of this report, together with a breakdown of the costs incurred from 8 October 2014.
 - d. Summary of the policies of BDO LLP in respect of fees and expenses for work in relation to the Liquidators.
 - e. Creditors' guide in relation to Insolvency Practitioners fees.
 - f. An extract from the Insolvency Rules 1986 re Members and Creditors Rights.

The purpose of the meetings to be held on today's date is to present a final version of the report and to seek approval to the following resolutions:-

- i) That the Joint Liquidators' Final Receipts and Payments Account be approved
- ii) That the Joint Liquidators' Final Report be approved.
- iii) That the Joint Liquidators be released following the Final meeting of Members & Creditors
- iv) That the books, documents and records of the company be retained for 15 months following the final meetings of members and creditors and thereafter be destroyed.

I advise that a copy of the final version of this report will be presented at the final meetings. For the purposes of Rule 4.126 of the Insolvency Act 1986, I would confirm that this draft report will become the final report in this case. If there are any significant changes to the contents of this report between the date of sending and the final meeting, I will advise you in writing accordingly.





To All Known Members and Creditors
2 December 2015

Please note that in accordance with Rule 4.49E and within 21 days of receipt of the enclosed report, a creditor with concurrence of at least 5% in value of the creditors (including the creditor in question), or with the permission of the court, may make a request in writing to the Liquidator for further information about the remuneration or expenses set out in the enclosed report

If any member or creditor has any queries in relation to the contents of the report herewith, or in relation to the conduct of the liquidation overall, please contact Diane Chapman of this office within the next 28 days

Yours faithfully

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

Edward T Kerr
Joint Liquidator

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**Abcellute Tissue Bank
In Creditors Voluntary Liquidation****Final Report to Members and Creditors
As at 2 December 2015****General overview**

The Company was incorporated in November 2009, its trading activities being research and experimental development.

Its main business was that of a 'not for profit' company created to secure ethical access to human tissue direct from UK hospitals in order to support the operations of an associate Company, Abcellute Limited.

The directors mainly attribute the decline in business as being a consequence of Abcellute Limited ceasing to trade and entering into Liquidation.

Progress of the Liquidation

Since the date of the Liquidation the Joint Liquidators have attempted to maximise realisation of the Company's assets. This is discussed in more detail below.

Receipts and Payments Account

Attached is a copy of the Liquidators' Receipts and Payments Account for the period 8 October 2014 to date and for the whole of the liquidation period commencing on 8 October 2012

Asset Realisations**Book Debts**

The Directors' estimated statement of affairs predicted book debt realisations of £2,712. Realisations in respect of book debts have been limited to £792. No further recoveries are due from this source.

Inter Company Debt

No recovery is anticipated in respect of the £94,185 debt due from Abcellute Limited in liquidation as indicated in the directors Statement of Affairs, as no dividend will be paid to unsecured creditors

Bank Interest

Since the last progress report a small amount of interest in the sum of 10p has been received in respect of bank interest gross. The total amount received during the period of the liquidation is £2.07.

The sum of £1.12 has been received regarding bank interest net of tax.

There are no other assets to realise in the liquidation

Cost of Realisations

Costs incurred in the liquidation in the period are detailed in the attached Receipts and Payments account.

Distributions**Secured Creditors**

The Company has no unsatisfied registered charges that I am aware of.

Prescribed Part

Section 176A, Insolvency Act 1986 requires the Liquidator to set aside a prescribed amount of the Company's "net property" towards the satisfaction of unsecured debts. Net property is the amount of property that would otherwise be available for satisfaction of holders of debentures secured by, or holders of, any floating charge created by the Company after 15 September 2003.

As there are no unsatisfied registered charges, the Prescribed Part will not apply

Preferential creditors

The Directors' Estimated Statement of Affairs indicated that there would be preferential claims of £250 in respect of the Company's employees who were made redundant immediately prior to my appointment. I would advise that no claims have been received

Unsecured Creditors

According to the books and records in our possession the Company's liabilities to non-preferential creditors as at the date of appointment totalled £73,028. No claims have been received.

There will be no distribution to unsecured creditors.

Joint Liquidators' Remuneration and disbursements

The basis of the Joint Liquidators fee approval was agreed at a meeting of creditors held on 8 October 2012 in accordance with Rule 4.127 of the Insolvency Act 1986 when a resolution was passed that their remuneration be fixed by reference to the time properly given in attending to matters arising in the Liquidation at PKF (UK) LLP's (Now BDO LLP) usual charge out rates

The time costs incurred in the period from 8 October 2012 to date amount to £19,026 and represents 77 hours at an average hourly rate of £247. These time costs are shown in the appendices to this report as two separate breakdowns. This is as a result of a change in our time recording systems at 1 June 2013. Against this fees of £27,06 have been drawn in the period since my last report. All remaining time costs will be written off.

Time costs incurred in the period 8 October 2014 to date amount to £2,706 which represents 14 hours at an average hourly rate of £193 as detailed in the attached schedule.

These amounts are derived from BDO LLP's normal rates for time properly spent by the liquidators and their staff in attending to matters arising in the liquidation. Where members of staff have been employed on this case they have been so based on their experience and abilities in dealing with a case of this nature. Where appropriate certain staff have dealt with a specific area of the liquidation due to their specialist skills in that area. BDO LLP's scale rates may increase from time to time over the period of an assignment.

All staff who have worked on this matter, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the enclosed analysis. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

Attached to this report is a summary of the policies of BDO LLP in respect of fees and expenses for work in relation to the liquidation. Additionally, a creditors' guide in relation to insolvency practitioners' fees is also enclosed.

Joint Liquidators' disbursements

In addition to the above, the following costs totalling £747 have also been incurred during the course of the liquidation, Statutory Advertising of £84.60 has been charged during the period since my last report:

	£
Storage costs	460
Statutory advertising	286
	<hr/> 746

Statement of creditors right to further information:

I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Liquidation.

Case Completion

I confirm I am not aware of any outstanding matters in relation to the Liquidation proceedings and have received no objection from HM Revenue & Customs to the closure of the case.

Complaints

If you have a complaint you should address it in the first instance to the Senior Partner, BDO LLP, 55 Baker Street, London W1U 7EU. If you are still dis-satisfied, complaints to the office holder's regulatory body should be made via the Insolvency Service Complaints Gateway. Complaints to the single Complaints Gateway may be made either by:

- calling the Insolvency Service Enquiry Line on 0845 602 9848 (Monday to Friday 8am to 5pm), or
- completing and emailing the online complaints form on the Insolvency Service website <http://www.insolvencydirect.bis.gov.uk/contactus/ipcomplaint/complaintform.htm>, or
- completing the online complaints form and posting it to: IP Complaints, Insolvency Service, 3rd Floor, 1 City Walk, Leeds, LS11 9DA.



To All Known Members and Creditors
2 December 2015

For more details, please visit: <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway>

Yours faithfully

A handwritten signature in black ink, appearing to be 'ETK' followed by a long horizontal stroke.

Edward T Kerr
Joint Liquidator

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STATUTORY INFORMATION

Company name	Abcellute Tissue Bank (Limited by Guarantee)
Registration number	07071872
Registered office address	c/o BDO LLP, 125 Colmore Row, Birmingham B3 3SD
Liquidator(s) details	<p>Ian J Gould BDO LLP (formerly PKF (UK) LLP) 125 Colmore Row, Birmingham B3 3SD Appointed 08/10/2012 Resigned:</p> <p>Edward T Kerr BDO LLP (formerly PKF (UK) LLP) Pannell House, 159 Charles Street, Leicester, LE1 1LD Appointed: 08/10/2012 Resigned</p>

**Abcellute Tissue Bank
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs		From 08/10/2014 To 02/12/2015	From 08/10/2012 To 02/12/2015
	ASSET REALISATIONS		
2,712.00	Book Debts	NIL	792.00
NIL	Abcellute Limited	NIL	NIL
	Bank Interest Gross	0.10	2.07
	Bank Interest Net of Tax	NIL	1.12
		<u>0.10</u>	<u>795.19</u>
	COST OF REALISATIONS		
	Office Holders Fees	27.06	27.06
	Non-Reclaimable VAT	22.33	22.33
	Storage Costs	NIL	459.81
	Statutory Advertising	84.60	285.99
		<u>(133.99)</u>	<u>(795.19)</u>
	PREFERENTIAL CREDITORS		
(250.00)	Employees Wage Arrears and Holiday P	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(1,601.00)	Trade & Expense Creditors	NIL	NIL
(2,195.00)	Employees - Redundancy and PILON	NIL	NIL
(30,032.00)	Accruals	NIL	NIL
(9,964.00)	H M Revenue & Customs - VAT	NIL	NIL
(29,236.00)	Abcellute Holdings Limited	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(70,566.00)</u>		<u>(133.89)</u>	<u>0.00</u>
	REPRESENTED BY		
			<u>NIL</u>



Edward T Kerr
Joint Liquidator

SIP9 Analysis of OfficeHolders Timcosts from 8 October 2012 to 31 May 2013

Client: **4022851 Abcellute Tissue Bank**

Tasks	Grade	Partner / Director	Manager	Supervisor / Senior Administrator	Administrator / Assistant	Total
	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours
Average Cost per hour:						
	£317.00		£226.00	£181.00	£100.00	£287.00
Partner/Senior Manager Review	126.80	0.40	0.00	0.00	0.00	0.40
Planning & Monitoring	317.00	1.00	0.00	0.00	0.00	1.70
Cashiering Function Generally	0.00	0.00	50.80	0.20	245.43	2.81
Office Holders Tax Liabilities	0.00	0.00	51.00	0.25	0.00	0.95
CDDA 1986 Work	380.40	1.20	0.00	0.00	0.00	1.40
Non Preferential Creditors	951.00	3.00	0.00	0.00	0.00	3.00
Employee Claims	0.00	0.00	0.00	0.00	0.00	0.30
Book Debt Realisations	0.00	0.00	0.00	0.00	0.00	0.80
Other Asset Realisations	475.50	1.50	0.00	0.00	0.00	1.50
Insurance & Bonding	0.00	0.00	0.00	0.00	0.00	0.20
General Administration	1,902.00	6.00	0.00	0.00	0.00	6.30
Statutory Compliance (including CRO returns and lodges)	792.50	2.50	0.00	0.00	0.00	2.90
Pre Appointment Work (including investigation work)	5,230.50	16.50	0.00	0.00	0.00	16.50
Computerisation/IPS	0.00	0.00	0.00	0.00	99.44	1.13
Liasing with Agents/Solicitors/Other Professionals	1,347.25	4.25	0.00	0.00	0.00	4.25
	11,522.95	36.35	101.80	705.90	344.87	12,675.52
		0.45		3.90	3.44	44.14

Name of Assignment Abcellute Tissue Bank 00208767
Summary of Time Charged and Rates Applicable for the Period From 08/10/2014 to date

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
		£		£		£		£		£		£		£	
C Planning and Strategy			2.40	708.00									2.40	708.00	295.00
D General Administration			0.55	120.85	0.60	109.80	0.45	79.05	2.90	386.50			4.50	696.20	154.71
I Reporting			0.60	177.00			3.00	516.00					3.60	693.00	192.50
J Distribution and Closure			0.30	88.50			1.20	208.20					1.50	296.70	197.80
K Work							1.80	312.30					1.80	312.30	173.50
	0.00	0.00	3.85	1,094.35	0.60	109.80	6.45	1,115.55	2.90	386.50	0.00	0.00	13.80	2,706.20	
													Net Total		
													Grand Total	2,706.20	



Abcellute Tissue Bank - In Liquidation

In accordance with best practice we provide below details of the policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency

The current charge out rates per hour of staff within our firm, who may be involved in working on the insolvency, follows: This in no way implies that staff at all such grades will work on the case

GRADE	£
Partner	356-461
Director/Senior Manager	271-319
Manager	203-230
Assistant Manager/Senior Administrator	183
Administrator	155-172
Administration Assistant	99-138
Junior Administrator	78
Support staff/Secretary	54-64

The rates charged by BDO LLP are reviewed in December and July 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 Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories -

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where officeholders' remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.



Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

Category 2

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The current policy of BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency. This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP

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 and explains the basis on which fees are fixed.

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 a member of The Insolvency Service, an executive agency within the Department of Trade and Industry. 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 Secretary of State for Trade and Industry. 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 3 months 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 fees

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 either

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

It is for the liquidation committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage 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 the committee would. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with a scale set out in the Rules.

5 What information should be provided by the liquidator?

5.1 When seeking fee approval

5.1.1 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

5.1.2 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.

5.1.3 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.

- 5.1.4 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.

5.2 After fee 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. 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 5.1.3. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, 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.

5.4 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 8.1 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.

5.5 Reporting in compulsory liquidations

It should be borne in mind that in compulsory liquidations there is no statutory requirement for the liquidator to report to creditors until the conclusion of the assignment. In most such cases, therefore, creditors will receive no information during the course of the liquidation unless they specifically request it.

6 What if a creditor is dissatisfied?

6.1 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.

6.2 If a creditor believes that the liquidator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. 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. Unless the court orders otherwise, the costs must be paid by the applicant and not out of the assets of the insolvent company.

7 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors or in accordance with the statutory scale is insufficient, he may apply to the court for it to be increased. 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.

8 Other matters relating to fees

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.

9. Provision of information – additional requirements

In any case where the liquidator is appointed on or after 1 April 2005 he 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.

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Liquidators' fees and expenses:

Rule 4.49E Creditors' and members' request for further information

(1) If-

- (a) within the period mentioned in paragraph (2)-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (iii) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or
- (b) with the permission of the court upon an application made within the period mentioned in paragraph (2)-
 - (i) any unsecured creditor, or
 - (ii) any member of the company in a members voluntary winding up,

makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4.49B(1)(e) or (f) (including by virtue of Rule 4.49C(5)) or in a draft report under Rule 4.49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter[s] in a draft report under Rule 4.49D or a progress report required by Rule 4.108 which (in either case) was previously included in a progress report not required by Rule 4.108

(2) The period referred to in paragraph (1)(a) and (b) is-

- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report where it is required by Rule 4.108, and
- (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case

(3) The liquidator complies with this paragraph by either-

- (a) providing all of the information asked for, or
- (b) so far as the liquidator considers that-
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
 - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

Rule 4.131 Creditors' claim that remuneration is or other expenses are excessive

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that-

- (a) the remuneration charged by the liquidator,
- (b) the basis fixed for the liquidator's remuneration under Rule 4.127, or

- (c) expenses incurred by the liquidator,
- is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party
- If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders-
- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
 - (e) an order that the liquidator or the liquidators personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify;
- and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation