

LIQ03

Notice of progress report in voluntary winding up



Companies House

SATURDAY



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11/05/2019

#72

COMPANIES HOUSE

1 Company details

Company number 0 7 9 2 0 2 0 5
Company name in full Adhoc (Agency) Additions Limited

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

2 Liquidator's name

Full forename(s) Paul
Surname Boyle

3 Liquidator's address

Building name/number 102 Sunlight House
Street Quay Street
Post town Manchester
County/Region
Postcode M 3 3 J Z
Country

4 Liquidator's name ①

Full forename(s) David
Surname Clements

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

5 Liquidator's address ②

Building name/number 102 Sunlight House
Street Quay Street
Post town Manchester
County/Region
Postcode M 3 3 J Z
Country

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

LIQ03

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6 Period of progress report

From date	^d 1	^d 4	^m 0	^m 3	^y 2	^y 0	^y 1	^y 8	
To date	^d 1	^d 3	^m 0	^m 3	^y 2	^y 0	^y 1	^y 9	

7 Progress report

<input checked="" type="checkbox"/> The progress report is attached	
---	--

8 Sign and date

Liquidator's signature	Signature X		
Signature date	^d 0	^d 9	^m 0
		^m 5	^y 2
			^y 0
			^y 1
			^y 9

LIQ03

Notice of progress report in voluntary winding up



Presenter information

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

Contact name **Paul Boyle**

Company name **Harrisons Business Recovery and
Insolvency Limited**

Address **102 Sunlight House**

Quay Street

Post town **Manchester**

County/Region

Postcode **M 3 3 J Z**

Country

DX **manchester@harrisons.uk.com**

Telephone **0161 876 4567**



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

Adhoc (Agency) Additions Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 14/03/2018 To 13/03/2019 £	From 14/03/2014 To 13/03/2019 £
ASSET REALISATIONS		
Administration VAT Recovered	NIL	3,886.90
Bank Interest Gross	0.10	39.60
Funds from ADM	NIL	31,968.00
	0.10	35,894.50
COST OF REALISATIONS		
Administrators' Fees	NIL	20,000.00
Advertising	NIL	204.48
Cat 1 Bordereau Bonding	NIL	102.50
Cat 1 Legal Fees (1)	NIL	4,808.55
Cat 1 Search costs	NIL	15.00
Cat 2 Printing, Postage and Stationery	NIL	178.09
Cat 2 Registered Office fee	NIL	60.00
Cat 2 Storage Costs	NIL	41.28
Corporation Tax	NIL	8.06
Liquidator's Fees	NIL	8,800.00
Other Property Expenses	NIL	2.00
Pre Administration Costs	NIL	1,612.50
Travel Expenses	NIL	22.10
	NIL	(35,854.56)
	0.10	39.94
REPRESENTED BY		
Bank 1 Current - IB		39.94
		39.94

**Adhoc (Agency) Additions Limited
- In Liquidation**

**Joint Liquidators' Annual
Progress Report to
Creditors and Members**

9 May 2019

Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

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Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

1 Introduction and Statutory Information

- 1.1 I, Paul Boyle, together with David Clements, of Harrisons Business Recovery and Insolvency Limited, 102 Sunlight House, Quay Street, Manchester M3 3JZ was appointed as Joint Liquidator of Adhoc (Agency) Additions Limited ('the Company') on 14 March 2014. Paul Boyle and David Clements had formerly been the Joint Administrators of the Company. This progress report covers the period from 14 March 2018 to 13 March 2019 ('the Period') and should be read in conjunction with the previous progress reports which have been issued.
- 1.2 Information about the way that we will use, and store personal data on insolvency appointments can be found at <https://harrisons.uk.com/privacy-policy>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.3 The principal trading address of the Company was 220 Katherine Street, Ashton under Lyne, Lancashire OL6 7AS.
- 1.4 The registered office of the Company has been changed to 102 Sunlight House, Quay Street, Manchester M3 3JZ and its registered number is 07920205.

2 Progress of the Liquidation

- 2.1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period and an explanation of the work done by the Joint Liquidators and their staff.
- 2.2 At Appendix A is my Receipts and Payments Account for the period from 14 March 2018 to 13 March 2019. Attached at Appendix B is a cumulative Receipts and Payments Account for the period from the date of my appointment as Joint Liquidator on 14 March 2014 to 13 March 2019.
- 2.3 An account of the work carried out by the Joint Liquidators and how time costs have been incurred can be found at Section 4.2 of this report

Administration (including statutory compliance and reporting)

- 2.4 An office holder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work I anticipated would need to be done in this area was outlined to creditors in my initial report.
- 2.5 Creditors should note that this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Realisation of Assets

- 2.6 Book Debts

As detailed in my previous reports, the Joint Liquidators have been unable to collect the outstanding book debts of the Company because of their age and the lack of supporting documentation. Consequently, these amounts have been written off.

- 2.7 Administration VAT

As detailed in my previous reports, VAT charged on costs incurred in the Administration proceedings has been recovered in the sum of £3886.90 for the benefit of the liquidation estate.

Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

- 2.8 It is not considered that the work the Joint Liquidators and their staff have undertaken to date will bring a financial benefit to creditors once the costs of the administration of the liquidation are taken into account.

Creditors (claims and distributions)

- 2.9 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. The Joint Liquidators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

The above work will not necessarily bring any financial benefit to creditors generally, however the Joint Liquidators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Joint Liquidators in dealing with those claims.

Investigations

- 2.10 You may recall from my first progress report to creditors that some of the work the Joint Liquidators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Liquidators can pursue for the benefit of creditors.
- 2.11 My report on the conduct of the Directors of the Company to the Department for Business, Energy and Industrial Strategy under the CDDA 1986 was submitted during the first year of the liquidation and is confidential. As previously reported, Director Natasha Walker / Ramsay ('NW') was disqualified from acting as a Director for six years under section 6 of the Company Directors Disqualification Act 1986.
- 2.12 As previously reported, the Joint Liquidators have taken possession of NW's former personally-owned residential property at 57 Barnfield Road, Hyde, Cheshire SK14 4EW in respect of personal liabilities in the judgement amount of £148220.02 which she had incurred to the Company but failed to satisfy.
- 2.13 Although an agreement was reached as detailed in my previous progress report for NW's Stepfather to purchase the Joint Liquidators' interest in the property, he appears no longer willing to proceed and the Joint Liquidators are currently taking legal advice on this matter.

Creditors will be kept advised of developments with regard to the Barnfield Road property

Matters still to be dealt with

- 2.14 The only matter still to be dealt with in the liquidation is for the realisation of the Joint Liquidators' interest in the residential property at 57 Barnfield Road, Hyde, Cheshire SK14 4EW.

Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

3 Creditors

Secured Creditors

- 3.1 SME Invoice Finance ('SME') holds a fixed and floating charge over the Company's assets although the indebtedness to SME was settled in full during the prior Administration from book debt realisations.

Preferential Creditors

- 3.2 A summary of preferential claims is detailed below.

Preferential Claim	Agreed Claim £	Statement of Affairs £	Dividend Paid £
Department for Business, Energy and Industrial Strategy (BEIS)	3959.84	Nil	Nil

- 3.3 I would confirm that there will be insufficient realisations to enable a dividend to preferential creditors.

Unsecured Creditors

- 3.4 I have received claims totalling £152227.73 from six creditors. I have yet to receive claims from two creditors whose debts total £1843.71 as per the Company's statement of affairs.
- 3.5 Although the Company granted a floating charge to SME, the amount due to SME was settled in full from book debt realisations under the earlier Administration and, accordingly, there is no requirement to create a Prescribed Part in the matter.
- 3.6 I would confirm that it is anticipated there will be insufficient funds realised after defraying the expenses of the liquidation to pay a dividend to unsecured creditors.

4 Joint Liquidators' Remuneration

- 4.1 Where a company in Administration subsequently moves into Liquidation under Paragraph 83 of Schedule B1 to the Insolvency Act 1986 and the Administrators become the Liquidators, the basis of fees fixed in the earlier Administration automatically transfers to the subsequent liquidation.
- 4.2 My time costs for the Period from 14 March 2018 to 13 March 2019 are £12606.00. This represents 58.1 hours at an average rate of £216.97 per hour. Attached at Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent in managing the liquidation. To date, £8800.00 has been drawn on account.
- 4.3 Also attached at Appendix D is a cumulative Time Analysis for the period from 14 March 2014 to 13 March 2019 which provides details of my time costs since my appointment. The cumulative time costs incurred to date are £63679.00. This represents 284.5 hours at an average rate of £223.83 per hour.

Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

- 4.4 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from <http://harrisons.uk.com/creditors-guide-to-fees> .
- 4.5 Attached at Appendix E is additional information in relation to the Joint Liquidators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Creditors' Rights

- 5.1 Within twenty-one days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least five percent in value of the unsecured creditors) may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.
- 5.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least ten percent in value of the unsecured creditors) may within eight weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Liquidators, as set out in this progress report, are excessive.

6 Next Report

- 6.1 I am required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with my final account.
- 6.2 If you have any queries in relation to the contents of this report, I can be contacted by telephone on 0161 876 4567 or by email at julianmoules@harrisons.uk.com .

Yours faithfully



Paul Boyle
Joint Liquidator

9 May 2019

Adhoc (Agency) Additions Limited – In Liquidation
Joint Liquidators' Annual Progress Report to Creditors and Members

Appendix A

Receipts and Payments Account for the period from 14 March 2018 to 13 March 2019

Adhoc (Agency) Additions Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 14/03/2018 To 13/03/2019 £	From 14/03/2014 To 13/03/2019 £
ASSET REALISATIONS		
Administration VAT Recovered	NIL	3,886.90
Bank Interest Gross	0.10	39.60
Funds from ADM	NIL	31,968.00
	0.10	35,894.50
COST OF REALISATIONS		
Administrators' Fees	NIL	20,000.00
Advertising	NIL	204.48
Cat 1 Bordereau Bonding	NIL	102.50
Cat 1 Legal Fees (1)	NIL	4,808.55
Cat 1 Search costs	NIL	15.00
Cat 2 Printing, Postage and Stationery	NIL	178.09
Cat 2 Registered Office fee	NIL	60.00
Cat 2 Storage Costs	NIL	41.28
Corporation Tax	NIL	8.06
Liquidator's Fees	NIL	8,800.00
Other Property Expenses	NIL	2.00
Pre Administration Costs	NIL	1,612.50
Travel Expenses	NIL	22.10
	NIL	(35,854.56)
	0.10	39.94
REPRESENTED BY		
Bank 1 Current - IB		39.94
		39.94

Adhoc (Agency) Additions Limited – In Liquidation
Joint Liquidators' Annual Progress Report to Creditors and Members

Appendix B

Cumulative Receipts and Payments Account for the period from 14 March 2014 to 13 March 2019

Adhoc (Agency) Additions Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 14/03/2014 To 13/03/2019 £	From 14/03/2014 To 13/03/2019 £
ASSET REALISATIONS		
Administration VAT Recovered	3,886.90	3,886.90
Bank Interest Gross	39.60	39.60
Funds from ADM	31,968.00	31,968.00
	35,894.50	35,894.50
COST OF REALISATIONS		
Administrators' Fees	20,000.00	20,000.00
Advertising	204.48	204.48
Cat 1 Bordereau Bonding	102.50	102.50
Cat 1 Legal Fees (1)	4,808.55	4,808.55
Cat 1 Search costs	15.00	15.00
Cat 2 Printing, Postage and Stationery	178.09	178.09
Cat 2 Registered Office fee	60.00	60.00
Cat 2 Storage Costs	41.28	41.28
Corporation Tax	8.06	8.06
Liquidator's Fees	8,800.00	8,800.00
Other Property Expenses	2.00	2.00
Pre Administration Costs	1,612.50	1,612.50
Travel Expenses	22.10	22.10
	(35,854.56)	(35,854.56)
	39.94	39.94
REPRESENTED BY		
Bank 1 Current - IB		39.94
		39.94

Adhoc (Agency) Additions Limited – In Liquidation
Joint Liquidators' Annual Progress Report to Creditors and Members

Appendix C

Time Analysis for the period from 14 March 2018 to 13 March 2019

Time Entry - SIP9 Time & Cost Summary

ADHOC003 - Adhoc (Agency) Additions Limited
Project Code: POST
From: 14/03/2018 To: 13/03/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.00	1.70	9.10	6.30	17.10	3,236.00	189.24
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	3.70	0.00	3.70	733.00	198.11
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	7.50	29.80	0.00	37.30	8,637.00	231.55
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	0.00	9.20	42.60	6.30	58.10	12,606.00	216.97
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Adhoc (Agency) Additions Limited – In Liquidation
Joint Liquidators' Annual Progress Report to Creditors and Members

Appendix D

Cumulative Time Analysis for the period from 14 March 2014 to 13 March 2019

Time Entry - SIP9 Time & Cost Summary

ADHOC003 - Adhoc (Agency) Additions Limited
Project Code: POST
From: 14/03/2014 To: 13/03/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.40	14.80	54.40	46.20	118.80	21,487.00	180.87
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.40	2.30	8.30	0.90	11.90	2,356.00	197.98
Investigations	13.10	11.50	14.00	2.90	41.50	10,740.00	258.80
Realisations of Assets	8.80	32.30	69.70	1.50	112.30	29,096.00	258.09
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	25.70	60.90	146.40	51.50	284.50	63,879.00	223.83
Total Fees Claimed						8,800.00	

Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

Appendix E

Additional Information in Relation to the Joint Liquidators' Fees, Expenses & Disbursements

Staff Allocation and the Use of Sub-Contractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

We are not proposing to utilise the services of any sub-contractors in this case.

Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Myersons Solicitors (legal advice)	Hourly rate and disbursements. Conditional Fee Agreement and 50% of disbursements agreed from 24 April 2015 onwards.

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Current position of Joint Liquidators' expenses

An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in prior periods £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Solicitors' costs - Pre CFA	4808.55	Nil	Nil	4808.55
50 % Solicitors' disbursements *	832.50	Nil	Nil	832.50
Solicitors' costs - CFA	Nil	Nil	36330.00	40000.00
Locksmith's costs*	150.00	Nil	Nil	150.00
Statutory advertising	204.48	Nil	Nil	204.48
Specific penalty bond	102.50	Nil	Nil	102.50
Insurance*	529.37	Nil	1078.00	2150.00
Search costs	15.00	Nil	1.50	16.50
Bank charges*	16.00	Nil	Nil	16.00

Adhoc (Agency) Additions Limited - In Liquidation

Joint Liquidators' Annual Progress Report to Creditors and Members

Corporation Tax	8.06	Nil	Nil	8.06
Postage, photocopying and stationery	Nil	Nil	22.73	30.00
Travel Expenses	22.10	Nil	73.75	125.00
Builder – repairs to 57 Barnfield*	5420.00	5420.00	Nil	5420.00
Other Property expenses	2.00	Nil	Nil	2.00
Category 2 disbursements				
Registered Office Fee	60.00	Nil	Nil	60.00
Postage, photocopying and stationery	178.09	Nil	21.28	220.00
Storage	41.28	Nil	36.00	90.00

* These amounts have been paid directly by Harrison's Business Recovery and Insolvency Limited due to the lack of funds held in the liquidation estate

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidators' fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

Charge-Out Rates

Harrison's Business Recovery and Insolvency Limited's current charge-out rates effective from 1 April each year are detailed below. Please note this firm records its time in minimum units of six minutes.

	2018/2019	2019/2020
	£	£
Directors	305 – 550	305 – 750
Managers	250 – 350	250 – 350
Senior Case Supervisors	175 – 250	175 – 250
Case Supervisors	125 – 205	125 – 205
Assistants/Trainee Case Supervisors	100 – 150	100 – 150

Harrisons Business Recovery and Insolvency Limited Fee Policy

1. Charge out rates and policy regarding staff allocation, support staff, the use of subcontractors and the recharge of disbursements.

The following information relating to the policy of Harrisons Business Recovery and Insolvency Limited is considered to be relevant: -

2. **Charge out rates**

The following hourly charge out rates apply to all assignments undertaken by Harrisons Business Recovery and Insolvency Limited. Please note that the charge-out rates are effective from 1 April in each period:-

	2018/2019	2019/2020
	£	£
Directors	305 – 550	305 – 750
Managers	250 – 350	250 – 350
Senior Case Supervisors	175 – 250	175 – 250
Case Supervisors	125 – 205	125 – 205
Assistants/Trainee Case Supervisors	100 – 150	100 – 150

Please note that Harrisons Business Recovery and Insolvency Limited records its time in minimum units of 6 minutes.

Creditors Guide to Fees can be accessed at www.icaew.co.uk/en/technical/insolvency/creditor-guides or www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees

3. **Staff allocation, support staff & the use of subcontractors**

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is charged. Details of any subcontractor(s) used are given in the attached report.

4. **Professional advisors**

Details of any professional advisor(s) used are given in the attached report. Unless otherwise indicated the fee arrangement for each will be based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors will be based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographical location.

5. **Disbursements**

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursements". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses. Included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose 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 us) they must be disclosed and be authorised by those responsible for approving the insolvency practitioners' remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:-

Photocopying	15p a sheet
Letterhead	12p a sheet
Fax	40p a sheet
Mileage	65p per mile
Meeting Room	£50
Registered Office Fee	£60 per annum
Document Storage	Storage charge of £3 per box per quarter



Guidance Note

LIQUIDATIONS A CREDITOR'S GUIDE TO INSOLVENCY PRACTITIONERS' FEES

Amended for changes introduced by
The Insolvency (England and
Wales) Rules 2016

6 April 2017

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 18.16 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.

13. 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.