

LIQ13

Notice of final account prior to dissolution in MVL



Companies House

FRIDAY



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06/11/2020

#211

COMPANIES HOUSE

1	Company details	
Company number	0 8 2 1 7 3 1 6	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Flames 4 Limited	
2	Liquidator's name	
Full forename(s)	Molly	
Surname	Monks	
3	Liquidator's address	
Building name/number	The Old Bank	
Street	187a Ashley Road	
Post town	Hale	
County/Region	Cheshire	
Postcode	W A 1 5 9 S Q	
Country		
4	Liquidator's name ①	
Full forename(s)	Darren	① Other liquidator Use this section to tell us about another liquidator.
Surname	Brookes	
5	Liquidator's address ②	
Building name/number	The Old Bank	② Other liquidator Use this section to tell us about another liquidator.
Street	187a Ashley Road	
Post town	Hale	
County/Region	Cheshire	
Postcode	W A 1 5 9 S Q	
Country		

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Final account

☒ I have delivered the final account of the winding up to the members in accordance with Section 94(2) and attach a copy.

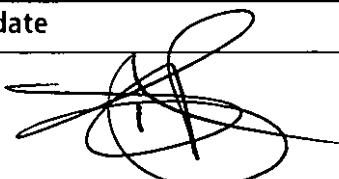
7

Sign and date

Liquidator's signature

Signature

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Signature date

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LIQ13

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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 **Darren Brookes**

Company name **Milner Boardman & Partners**

Address **The Old Bank**

187a Ashley Road

Post town **Hale**

County/Region **Cheshire**

Postcode **WA15 9SQ**

Country

DX **office@milnerboardman.co.uk**

Telephone **0161 927 7788**



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

**Declaration
of Solvency**
£

£

£

REPRESENTED BY

NIL

IPS SQL Ver. 5.02



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

FLAMES 4 LIMITED - IN MEMBERS' VOLUNTARY LIQUIDATION

Joint Liquidators' Final Account

21 October 2019 to 3 November 2020

3 November 2020

**Milner Boardman and Partners
The Old Bank
187A Ashley Road
Hale
Cheshire
WA15 9SQ**

Our Ref: DTB/MM/NB/2825/24

**Joint Liquidators'
Final Account**



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3. Members' Rights in Relation to Liquidators' Remuneration
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1. Statutory Information

Company name:	Flames 4 Limited
Registered office:	C/O Milner Boardman & Partners ("MBP") The Old Bank 187a Ashley Road Hale Cheshire WA15 9SQ
Former registered office:	C/O Alexander & Co 17 St Anns Square Manchester M2 7PW
Trading address:	C/O Alexander & Co 17 St Anns Square Manchester M2 7PW
Registered number:	08217316
Principal trading activity:	Other professional, scientific and technical activities not elsewhere classified
Joint Liquidators' names:	Darren Brookes and Molly Monks
Joint Liquidators' address:	MBP The Old Bank 187a Ashley Road Hale Cheshire WA15 9SQ
Joint Liquidators' contact details:	0161 927 7788 or office@milnerboardman.co.uk
Date of appointment:	21 October 2019
Actions of Joint Liquidators:	Any act required or authorised under any enactment to be done by a Liquidator may be done by either or both of the Liquidators acting jointly or alone.

2. Case Overview

- 2.1 On 21 October 2019, the sole member of the Company passed written resolutions to place the Company into Members' Voluntary Liquidation ("MVL") and to appoint Darren Brookes and Molly Monks of MBP as Joint Liquidators.
- 2.2 According to the declaration of solvency ("DOS"), the Company assets included a VAT refund and cash at bank. Further details of which can be found at section 4.
- 2.3 All assets have been realised, the MVL costs have been settled, distributions have been made to the member and it is now appropriate to close the case.

3. Joint Liquidators' Actions Since Appointment

- 3.1 The principal role of the Joint Liquidators was to realise the assets as detailed at section 4, pay any unsecured creditors in full plus statutory interest, if applicable, and to distribute the surplus funds to the member in accordance with the Company's Articles of Association.
- 3.2 In addition to time spent on asset realisations, as detailed below, there is certain work that we are required by the insolvency legislation to undertake in connection with the MVL that provides no financial benefit for the creditors or members. Further details of the routine work undertaken since appointment can be found at section 8.

4. Asset Realisations

- 4.1 **VAT Refund:** According to the DOS, a pre-appointment VAT refund of £213 was due to the Company. It later transpired that a VAT refund of £213 had been paid into the Company's bank account shortly before commencement of the MVL and is included in the cash at bank balance received as detailed below.
- 4.2 **Cash at Bank:** The DOS stated that the credit balance on the account with the Royal Bank of Scotland was £188,000. We can confirm a total of £188,237.21 was received into the MVL estate.
- 4.3 **Bank Interest:** A total of £16.13 has been received in relation to bank interest received from the estate account held with Allied Irish Bank GB ("AIB").
- 4.4 There are no further asset realisations anticipated.

5. Creditors

5.1 Secured Creditors

- 5.1.1 An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company had no outstanding charges over its assets as at commencement of the MVL.

5.2 Preferential Creditors

5.2.1 There were no preferential claims in this matter, as anticipated.

5.3 Crown Creditors

5.3.1 The DOS stated that there was no outstanding liability to HMRC.

5.3.3 HMRC have confirmed that they have no claim in the MVL and have no objection to the closure of this case.

5.4 Non-Preferential Unsecured Creditors

5.4.1 The DOS listed one non-preferential unsecured creditor, namely the accountants for £4,750. As detailed at section 9.2, the accountants were paid as an expense of the Liquidation.

5.4.2 No other creditor claims have been received in the MVL.

6. Distributions

6.1 The Company issued 5 ordinary shares of £1 each to the sole member.

6.2 We can confirm that the following distributions have been made to the member:

Date	Amount	Nature of distribution	Rate per ordinary share
26 November 2019	£160,000	Cash distribution	£32,000
1 July 2020	£19,918.19	Cash distribution	£3,983.64
Total	£179,918.19		£35,983.64

7. Receipts and Payments

7.1 A receipts and payments account for the period 21 October 2019 to 3 November 2020 is enclosed with this report at appendix 1.

7.2 Receipts in this matter total £188,253.34 and relate to the cash at bank and bank interest.

7.3 Payments in this matter total £188,253.34 and relate to the specific bond, office holders' fees, Land Registry search fee, accountancy fees, statutory advertising, bank charges and distributions to the member.

8. Joint Liquidators' Remuneration

- 8.1 Written resolutions passed by the member on 21 October 2019 authorised that the remuneration of the Joint Liquidators be drawn on a fixed fee basis of £3,000 plus VAT. As can be seen on the attached receipts and payments account this fee has been paid in full.
- 8.2 Attached at appendix 3 are details of member's rights in relation to the Joint Liquidators' remuneration and also in relation to requesting information on the Joint Liquidators' remuneration and expenses in the 'Member's Guide to Liquidator's Fees'. A Practice Fee Recovery Policy is also attached at appendix 2.
- 8.3 Details of work undertaken in this reporting period for which a fixed fee was agreed is listed below:
- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
 - Setting up physical case files.
 - Setting up the case on the practice's electronic case management system and entering data.
 - Issuing the statutory notifications to creditors and other requirements on appointment as office holder, including gazetting the office holders' appointment.
 - Obtaining a specific penalty bond.
 - Dealing with all routine correspondence and emails relating to the case.
 - Opening, maintaining and managing the office holders' estate bank account and cashbook.
 - Requesting the funds from the Company's bankers and closing the Company's former bank account.
 - Undertaking regular bank reconciliations of the bank account containing estate funds.
 - Reviewing the adequacy of the specific penalty bond on a regular basis.
 - Undertaking periodic reviews of the progress of the case.
 - Carrying out a Land Registry search.
 - Overseeing and controlling the work done on the case by case administrators.
 - Seeking closure clearance from HMRC and other relevant parties.
 - Preparing and filing CT returns.
 - Preparing and filing VAT returns.
 - Undertaking a final review of the case.
 - Preparing, reviewing and issuing the draft final account to the member.

9. Joint Liquidators' Disbursements

- 9.1 With regard to disbursements, specific expenditure relating to the administration of the estate and payable to an independent third party is recoverable without creditor approval. Payments made in respect of the above are defined as "Category 1 disbursements". Details of the category 1 disbursements incurred and paid are detailed in the table below.

9.2

Type of expense	Amount incurred/ accrued in the reporting period (£)	Amount paid in the reporting period (£)
Specific bond	210	210
Land Registry search fee	11	11
Statutory advertising	318.60	318.60
Accountancy fees	4,750	4,750
Bank charges	45.55	45.55
Total	5,335.15	5,335.15

- 9.3 Expenditure incidental to the administration of the estate, which by its nature includes an element of shared or allocated costs, are recoverable with Creditors' approval. Payments in respect of this type of expense are referred to as "Category 2 disbursements". There have been no Category 2 disbursements paid from the estate.
- 9.4 All disbursements are shown net of VAT and as the Company was formerly registered for VAT purposes, VAT of £1,613.72 was recoverable for the benefit of the estate.
- 9.5 We have used the following agent in this matter:

Agent/Professional Advisor	Nature of work	Basis of fees
Alexander & Co	Accountancy work	Fixed fee

- 9.6 Alexander & Co prepared the final accounts and CT computations, they have also assisted the provision of information and accountancy advice regarding the MVL.
- 9.7 We would advise you that our professional advisor has been selected on the basis that they have the appropriate experience and qualifications to effectively deal with the issues arising on a case of this nature and based on the complexity and nature of the assignment and the basis of our fee arrangement with them. We have reviewed the fee charged and we are satisfied that it is reasonable in the circumstances of the case.

10. Summary

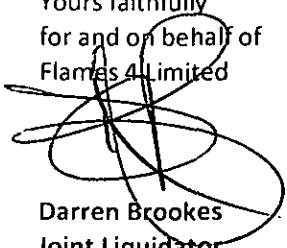
- 10.1 To comply with the Provision of Services Regulations, some general information about MBP can be found in the attached summary sheet at appendix 2.
- 10.2 The winding up of the Company is now for all practical purposes complete and we intend to deliver the final account by the date shown in the accompanying notice.
- 10.3 If members have any queries regarding the conduct of the MVL, they should contact Natasha Baldwin on 0161 927 7788 or by email at natashab@milnerboardman.co.uk before our release.

Flames 4 Limited



MINER, BAERMAN
& PARTNERS
Chartered Accountants

Yours faithfully
for and on behalf of
Flames 4 Limited


Darren Brookes
Joint Liquidator




Appendix 1

Receipts and Payments Account

RECEIPTS	Declaration of Solvency (£)	Total (£)
VAT Refund	213.00	0.00
Cash at Bank	188,000.00	188,237.21
Bank Interest Gross		16.13
		<hr/>
		188,253.34
		<hr/>
PAYMENTS		
Specific Bond		210.00
Office Holders Fees		3,000.00
Land Registry		11.00
Accountancy fees		4,750.00
Statutory Advertising		318.60
Bank Charges		45.55
Trade & Expense (Accountancy costs)	(4,750.00)	0.00
Ordinary Shareholders		179,918.19
		<hr/>
		188,253.34
		<hr/>
Net Receipts/(Payments)		0.00

0.00

 Darren Brookes
Joint Liquidator



Appendix 2

Practice Fee Recovery Policy and Provision of Services Regulations Summary

PRACTICE FEE RECOVERY POLICY FOR MILNER BOARDMAN & PARTNERS

Introduction

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

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (ABR) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at www.insolvency-practitioners.org.uk. Alternatively a hard copy may be requested from Milner Boardman & Partners. Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

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

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

Time cost basis

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

Charge Out Rates

Grade of staff	Current charge-out rate per hour, effective from 1 June 2017 £	Previous charge-out rate per hour, effective from 1 April 2015 £	Previous charge-out rate per hour, effective from 1 November 2008 £
Director	370	370	295 to 370
Appointment Taker	295	N/A	N/A
Senior Manager	255	255	N/A
Manager	215	215	215
Case Administrator	175	175	175
Support Staff	175	175	175

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

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

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

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

- Investigations
- Distributions
- Trading

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

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

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

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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

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

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

Fixed fee

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

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

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

Members' Voluntary Liquidations and Voluntary Arrangements

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

All bases

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

Agent's Costs

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

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors

- › Estate Agents
- › Other Specialist Advisors

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

Disbursements

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

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

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

It is proposed that the following Category 2 disbursements incurred in administering the case will be charged as follows:

Room Hire	£30 per hour
Mileage	0.45p per mile (in accordance with HMRC approved rates)
Photocopying	10p per sheet (circulars to creditors only)

PROVISION OF SERVICES REGULATIONS SUMMARY SHEET FOR MILNER BOARDMAN & PARTNERS

The following information is designed to draw the attention of interested parties to the information required to be disclosed by the *Provision of Services Regulations 2009*.

Licensing Body

Darren Brookes and Molly Monks are licensed to act as Insolvency Practitioners in the United Kingdom by the Insolvency Practitioners Association ("IPA").

Rules Governing Actions

All IPs are bound by the rules of their professional body, including any that relate specifically to *insolvency*. The rules of the professional body that licences Darren Brookes and Molly Monks of Milner Boardman & Partners ("MBP") can be found at - <http://www.insolvency-practitioners.org.uk>. In addition, IPs are bound by the Statements of Insolvency Practice (SIPs), details of which can be found at <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>.

Ethics

All IPs are required to comply with the *Insolvency Code of Ethics* and a copy of the Code can be found at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>.

Complaints

In the first instance, you should contact the Insolvency Practitioner ("IP") acting as office holder. Please note that within MBP there are two Licensed Insolvency Practitioners; Darren Brookes and Molly Monks.

If you consider that the IP has not dealt with your comments or complaint appropriately you should then put details of your concerns in writing to our complaints officer Molly Monks. However, if your complaint is regarding Molly Monks then please contact Darren Brookes.

We will lodge your complaint and open a file, this will be done immediately. We will then investigate your complaint and report to you as soon as possible, usually within five business days.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner; or you can email insolvency.enquiryline@insolvency.gsi.gov.uk; or you may phone 0300 678 0015. Information on the call charges that apply is available at <https://www.gov.uk/call-charges>.

Bribery Act 2010

MBP is committed to applying the highest standards of ethical conduct and integrity in its business activities. Every employee and individual acting on MBP's behalf is responsible for maintaining our reputation and for conducting company business honestly and professionally.

MBP take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

MBP requires all those who are associated with it to observe the highest standards of impartiality, integrity and objectivity.

MBP prohibits anyone acting on its behalf from:

- bribing another person. A bribe includes the offering, promising or giving of any financial or other type of advantage;
- accepting a bribe. This includes requesting, agreeing to receive or accepting any financial, or another kind of advantage;
- bribing a foreign public official; and
- condoning the offering or acceptance of bribes.

MBP will:

- avoid doing business with others who do not accept our values and who may harm our reputation;
- maintain processes, procedures and records that limit the risk of direct or indirect bribery;
- promote awareness of this policy amongst its staff, those acting on its behalf and entities with which it has any commercial dealings;
- investigate all instances of alleged bribery, and will assist the police, and other authorities when appropriate, in any resultant prosecutions. In addition, disciplinary action will be considered against individual members of staff;
- review this policy regularly and update it when necessary.

Professional Indemnity Insurance

Milner Boardman & Partners' Professional Indemnity Insurance is provided by Travelers Insurance Company Limited 61-63 London Road Redhill Surrey RH1 1NA.

VAT

Milner Boardman & Partners is registered for VAT under registration no 693 3180 22.



Appendix 3

Members' Guide to Liquidators' Remuneration

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

1 Introduction

- 1.1 When a Company goes into Members' Voluntary Liquidation, the costs of the proceedings are paid out of its assets. A declaration of solvency is sworn by the directors indicating that the creditors will be paid in full with statutory interest from the Company's assets, with the remaining assets being distributed to the members. As a result, it is the members who have a direct interest in the level of costs, and in particular the remuneration of the Insolvency Practitioner appointed to act as Liquidator. The insolvency legislation recognises this interest by providing a mechanism for members to fix the basis of the Liquidator's fees. This guide is intended to help members be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how members can seek information about expenses incurred by the Liquidator and challenge those they consider to be excessive.

2 Liquidation procedure

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a Company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the Court.
- 2.2 Voluntary Liquidation is the more common of the two. A solvent voluntary liquidation is called a Members' Voluntary Liquidation (often abbreviated to 'MVL'). In this type of liquidation an Insolvency Practitioner acts as Liquidator throughout and the members appoint the Liquidator at a general meeting of the Company.
- 2.3 In an MVL all creditors must be paid in full with statutory interest within the period stated in the declaration of solvency otherwise the Liquidator will have to convene a meeting of creditors and convert it to a Creditors' Voluntary Liquidation, i.e. an insolvent liquidation.

3 Fixing the Liquidator's remuneration

3.1 Basis

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

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

- by reference to the time properly given by the Liquidator and his staff in attending to matters arising in the liquidation, or
- as a set amount.

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

3.2 Who fixes the remuneration?

Rule 18.19 indicates that it is for the members at a general meeting of the Company to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the members to determine the percentage or percentages to be applied and Rule 18.16(9) says that in arriving at their decision the members shall have regard to the following matters:

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

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

3.4 If the remuneration is not fixed as above, it will be fixed by the Court on application by the Liquidator, but the Liquidator may not make such an application unless he has first tried to get his or her remuneration fixed by the members as described above, and in any case not later than 18 months after his or her appointment.

4 Review of remuneration

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

5 What information should be provided by the Liquidator?

5.1 General principles

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

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

5.1.2 The Liquidator should disclose:

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

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

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

5.2 Key issues

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

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

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

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

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

5.3 Disbursements

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

- Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the liquidation. Category 1 disbursements can be drawn without prior approval, although the Liquidator should be prepared to disclose information about them in the same way as any other expenses.
- Category 2 disbursements: These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Liquidator or their firm, and that can be allocated to the liquidation on a proper and reasonable basis.

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

5.3.2 The following are not permissible as disbursements:

- a charge calculated as a percentage of remuneration;
- an administration fee or charge additional to the Liquidator's remuneration;
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

6. Progress reports and requests for further information

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

- details of the basis fixed for the fee of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the fee charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the fee charged during the periods covered by the previous reports, together with a

description of the things done during those periods, irrespective of whether payment was actually made during the period of the report;

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

6.2 Within 21 days of receipt of a progress report, a member may request the Liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made by a member or members representing at least 5% in value of the total voting rights of members (including himself), or any member with the permission of the Court.

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

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

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

6.4 Any member may apply to the Court within 21 days of the Liquidator's refusal to provide the requested information, or the expiry of the 14 days' time limit for the provision of the information.

7. Provision of information – additional requirements

7.1 The Liquidator must provide certain information about the time spent on the case, free of charge, upon request by any creditor, director or member of the Company. The information which must be provided is –

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

7.2 The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the Liquidator's appointment, or where he has vacated office, the date that he vacated office.

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

8 What if a member is dissatisfied?

8.1 If a member believes that the basis of the Liquidator's remuneration is inappropriate, or the remuneration charged or expenses incurred by the Liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the Court.

8.2 Application may be made to the Court by any member or members representing at least 10 per cent in value of voting rights (including himself), or by any member with the permission of the Court. Any such application must be made within 8 weeks of the applicant receiving the Liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 6.1 above). If the Court does not dismiss the application (which it may if it considers that insufficient cause is shown), the applicant must give the Liquidator a copy of the application and supporting evidence at least 14 days before the hearing.

8.3 If the Court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the Court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the Company being wound up.

9. What if the Liquidator is dissatisfied?

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

10. Other matters relating to remuneration

- 10.1 Where two (or more) joint Liquidators are appointed, it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the Court or a meeting of members.
- 10.2 If the appointed Liquidator is a solicitor and employs his or her own firm to act in the winding up, profit costs may not be paid unless authorised by the members or the Court.
- 10.3 If a new Liquidator is appointed in place of another, any determination or Court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new Liquidator until a further determination by the members, or Court order, is made.
- 10.4 Where the basis of the remuneration is a set amount, and the Liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing Liquidator. The application must be made to the same body as approved the remuneration, i.e. either to the members or the Court. Where the outgoing Liquidator and the incoming Liquidator are from the same firm, they will usually agree the apportionment between themselves.
- 10.5 There may also be occasions when members will agree to make funds available themselves to pay for the Liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to members. Arrangements of this kind are sometimes made to fund litigation. Any arrangements of this nature will be a matter for agreement between the Liquidator and the members concerned and will not be subject to the statutory rules relating to remuneration.

11. Effective date

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



Appendix 4

Notice to Accompany Final Account

Notice to accompany Final Account

Flames 4 Limited ("the Company") - In Members' Voluntary Liquidation

(Company Number: 08217316)

NOTICE IS GIVEN to the members of the above-named Company by Darren Brookes and Molly Monks under rule 5.10 of The Insolvency (England and Wales) Rules 2016 that:

1. the Company's affairs have been fully wound up;
2. the Joint Liquidators' having delivered copies of the final account to the members must, within 14 days of the date on which the final account is made up, deliver a copy of the account to the Registrar of Companies;
3. the Joint Liquidators' will vacate office under section 171(6) of The Insolvency Act 1986 and be released under section 173(2)(d) on delivery of the final account to the Registrar of Companies.

Members requiring further information regarding the above, should either contact me at Milner Boardman & Partners, The Old Bank, 187a Ashley Road, Hale, WA15 9SQ or contact Natasha Baldwin by telephone on 0161 927 7788, or by email at natashab@milnerboardman.co.uk.

Signed _____

Darren Brookes
Joint Liquidator

Dated: 3 November 2020