

LIQ03

Notice of progress report in voluntary winding up



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 8 6 3 2 4 1 7

Company name in full Clever2 Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Michael Paul

Surname Roome

3 Liquidator's address

Building name/number 2 Lace Market Square

Street Nottingham

Post town NG1 1PB

County/Region

Postcode

Country

4 Liquidator's name ①

Full forename(s) Dean Anthony

Surname Nelson

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number Prospect House

Street 1 Prospect Place

Post town Pride Park

County/Region Derby

Postcode D E 2 4 8 H G

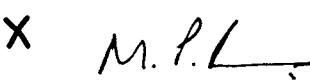
Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report															
From date	^d	2	^d	1	^m	0	^m	4	^y	2	^y	0	^y	2	^y	2
To date	^d	2	^d	0	^m	0	^m	4	^y	2	^y	0	^y	2	^y	3
7	Progress report															
<input checked="" type="checkbox"/> The progress report is attached																
8	Sign and date															
Liquidator's signature	<div>Signature</div> <div>  </div>															
Signature date	^d	1	^d	2	^m	0	^m	6	^y	2	^y	0	^y	2	^y	3

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 Grace Clohessy

Company name PKF Smith Cooper

Address 1 Prospect House

Pride Park

Post town Derby

County/Region

Postcode D E 2 4 8 H G

Country

DX

Telephone 01332 332021



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

Clever2 Ltd
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Declaration of Solvency £		From 21/04/2022 To 20/04/2023 £	From 21/04/2022 To 20/04/2023 £
	ASSET REALISATIONS		
	Bank Interest Gross	135.14	135.14
18,807.71	Cash at Bank	18,686.35	18,686.35
6,172.00	CT Refund	5,730.00	5,730.00
10,370.00	Director's Loan Account	10,370.00	10,370.00
25,950.00	Motor Vehicles	25,950.00	25,950.00
1,868.00	PAYE Refund	NIL	NIL
1,000.00	Plant & Machinery	1,000.00	1,000.00
592.00	Prepayments	NIL	NIL
6,486.00	S455 Tax Refund	1,863.45	1,863.45
100.00	Stock	100.00	100.00
7.00	VAT Refund	NIL	NIL
		63,834.94	63,834.94
	COST OF REALISATIONS		
	Joint Liquidators Fees	3,800.00	3,800.00
	PAYE Penalty	100.00	100.00
	Specific Bond	30.00	30.00
	Statutory Advertising	266.25	266.25
		(4,196.25)	(4,196.25)
	PREFERENTIAL CREDITORS		
	HMRC - PAYE	483.00	483.00
	Statutory Interest Provision	11.12	11.12
		(494.12)	(494.12)
	UNSECURED CREDITORS		
305.00	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
	Ordinary Shareholders	47,420.00	47,420.00
		(47,420.00)	(47,420.00)
71,657.71		11,724.57	11,724.57
	REPRESENTED BY		
	Bank 1 Current		11,724.57
			11,724.57

Note:

The amounts stated are inclusive of VAT.

Funds held in an interest bearing account.

Dividend Information:

A distribution in specie of £37,420.00 per share was declared to shareholders on 21 April 2022 consisting of £37,420.00 being distributed in specie.

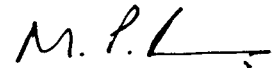
A capital distribution of £10,000.00 per share was declared to shareholders on 15 May 2022 consisting of £10,000.00 being distributed in cash.

Creditors:

A creditor distribution of 100p in the £ was distributed on 2 August 2022 to secondary preferential creditors.

**Clever2 Ltd
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments**

Declaration of Solvency £	From 21/04/2022 To 20/04/2023 £	From 21/04/2022 To 20/04/2023 £
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Michael Paul Roome
Joint Liquidator

CLEVER2 LIMITED - IN MEMBERS' VOLUNTARY LIQUIDATION

ANNUAL PROGRESS REPORT TO 20 APRIL 2023

Michael Paul Roome
PKF Smith Cooper
2 Lace Market Square, Nottingham, NG1 1PB
0115 945 3400

Dean Anthony Nelson
PKF Smith Cooper
Prospect House, 1 Prospect Place, Pride Park, Derby DE24 8HG
01332 332021

This report has been prepared for the sole purpose of updating the members for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by members for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

“the Act”	Insolvency Act 1986
“the Rules”	Insolvency (England & Wales) Rules 2016
“Joint Liquidators” or “Liquidators”	Michael Paul Roome and Dean Anthony Nelson of PKF Smith Cooper
“Company”	Clever2 Limited – In Liquidation
“MVL”	Members’ Voluntary Liquidation
“R&P”	The Joint Liquidators’ Receipts & Payments Account to 20 April 2023
“DoS”	The Director’s Declaration of Solvency as at 21 April 2022
“Review Period”	21 April 2022 to 20 April 2023
“HMRC”	HM Revenue & Customs
“CT”	Corporation Tax
“VAT”	Value Added Tax
“PAYE”	Pay As You Earn
“DLA”	Directors Loan Account
“PKF SC”	PKF Smith Cooper

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3. Administration and Planning (including statutory reporting)
4. Asset Realisations
5. Creditors
6. Distributions to Shareholders
7. Ethics
8. Costs and Expenses
9. Further Information
10. Conclusion

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- II. The Joint Liquidators' R&P
- III. The Joint Liquidators' Guide to Fees, Expenses and Disbursements
- IV. Detailed Narrative of Work Undertaken
- V. A Members' Guide to Liquidators Fees

1. EXECUTIVE SUMMARY

This Progress Report summarises the progress of the Liquidation for the Review Period.

A summary of key information in this report is detailed below.

1.1 Asset Realisations

Asset	Estimated to Realise per DoS (£)	Realisations to Date (£)	Estimated Future Realisations (£)	Estimated Total Realisations (£)
Bank Interest Gross	-	135	-	135
Cash at Bank	18,808	18,686	-	18,686
CT Refund	6,172	5,730	442	6,172
Directors Loan Account	10,370	10,370	-	10,370
Motor Vehicles	25,950	25,950	-	25,950
PAYE Refund	1,868	-	1,312	1,312
Plant & Machinery	1,000	1,000	-	1,000
Prepayments	592	-	-	-
S455 Tax Refund	6,486	1,863	4,623	6,486
Stock	100	100	-	100
VAT Refund	7	-	-	-
Total	71,353	63,834	6,377	70,211

Note: The amounts have been rounded to the nearest £.

1.2 Expenses

Expense	Expense incurred (£)	Payments Made (£)
Joint Liquidators' Fees	3,800	3,800
PAYE Penalty	100	100
Specific Bond	30	30
Statutory Advertising	266	266
Total	4,196	4,196

Note: The amounts have been rounded to the nearest £.

1.3 Distributions

Class	Distribution	Total Paid (£)
Preferential Creditors	N/A	N/A
Secondary Preferential Creditors	100p in the £	494*
Unsecured Creditors	-	-
Ordinary Shareholders	47,420 per share	47,420

Note: The amounts have been rounded to the nearest £.

*Including statutory interest

2. INTRODUCTION

The purpose of this report is to detail the acts and dealing as Joint Liquidators of the Company for the Review Period and it should be read in conjunction with previous correspondence to Members.

Attached at Appendix I is a summary of statutory information regarding the Company and the Liquidation.

3. ADMINISTRATION AND PLANNING (INCLUDING STATUTORY REPORTING)

The Joint Liquidators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit, they assist in the efficient and compliant progressing of the Liquidation, which ensures that the Joint Liquidators and their staff carry out work to high professional standards. The narrative detail in respect of these tasks may be found in Appendix IV.

4. ASSET REALISATIONS

The R&P for the Review Period is attached at Appendix II.

Detailed below is key information about the asset realisations, however a more detailed narrative about the work undertaken may be found at Appendix IV.

According to the DoS lodged in these proceedings, the assets of the Company had an estimated value of c.£71.4k, which comprised principally of cash at bank, motor vehicles, DLA and various tax refunds.

4.1 Cash at Bank

The Directors of the Company arranged for the sum of c.£18k to be transferred from the Company's bank account to the PKF client account prior to Liquidation. This was then transferred to the Liquidation bank account.

The Joint Liquidators wrote to the Company's former bank to request the closure of the account and remittance of the final balance. During the Review Period c.£686 was received in the PKF SC client account and subsequently transferred to the Liquidation account.

4.2 Bank Gross Interest

During the Review Period c.£135 was received in respect of bank interest accruing on funds held in the Liquidation estate.

4.3 CT Refund

The Company's accounts showed a CT refund due of c.£6.2k relating to the CT period ending 31 March 2022.

The Company's accountant submitted the final CT return for the period 1 April 2021 to 31 March 2022 prior to Liquidation. This return showed a loss incurred of £30.2k.

The Joint Liquidators wrote a letter to HMRC to request this loss was carried back and allocated to the year ending 31 March 2019, this would result in refund of c.£6.2k.

During the Review Period the sum of c.£5.7k was received into the Liquidation account.

The Joint Liquidators are currently liaising with HMRC and the Company's former accountant to query the difference.

4.4 Assets Distributed in Specie

The DoS listed various assets, these include a DLA of c.£10k, a motor vehicle of c.£26k, stock of £100, plant & machinery of £1k, all of which have been distributed in specie to the shareholders as detailed in section 6 below.

This valuation was based upon the Company's accounts as at the date of Liquidation.

4.5 PAYE Refund

The Company's accounts showed a PAYE refund of c.£1.9k due relating to various allocation issues and an overpayment.

The Joint Liquidators are currently liaising with the Company's former accountants and HMRC to obtain the refund.

4.6 S455 Tax Refund

The DoS listed a S455 refund due to the Company of c.£6.5k.

During the Review Period c.£1.9k was received into the Liquidation account.

The Joint Liquidators are currently liaising with HMRC and the Company's former accountants to obtain the remaining refund.

4.7 VAT Refund

The DoS listed a VAT refund of £7 for the period ending 31 March 2022.

During the Review Period the Company's former accountants confirmed that an adjustment was made to the VAT return, which reduced the return to nil.

4.8 Pre-Payments

The DoS listed pre-payments of c.£590. however, it transpired that these were accounting adjustments and not actual refunds.

5. CREDITORS

The key tasks carried out in this category are detailed at Appendix IV.

5.1 Secured Creditors

The Company has not granted security to any creditor.

5.2 Preferential Creditors

There are no preferential creditors in this case.

5.3 Secondary Preferential Creditors

A notice to creditors requiring them to submit claims was published in the Gazette.

HMRC sent a letter stating there were outstanding PAYE returns for Class 1A Period 2022 and P11D(b) P11D's for the period 2021/22.

The Joint Liquidators verified that the return was outstanding with the Company's accountant and requested the return be prepared and submitted.

These returns were duly submitted with a liability of c.£0.4k arising, which was paid during the Review Period.

5.4 Unsecured Creditors

A notice to creditors requiring them to submit claims was published in the Gazette.

The DoS listed trade & expense creditors of c.£305, however it transpired that these were settled prior to appointment.

In addition, several letters were sent to HMRC seeking confirmation that no tax liabilities remained and they have issued clearance, although several refunds remain outstanding.

6. DISTRIBUTIONS TO SHAREHOLDERS

The following distributions were made to the shareholders:

Date of Distribution	£ per Share Distributed	Total Amount Distributed (cash) £	Total Amount Distributed (In specie) £
21 April 2022	37,420 per share	-	37,420
5 May 2022	10,000 per share	10,000	-
Total	-	10,000	37,420

Note: The amounts have been rounded to the nearest £.

The above included a distribution in specie of the Company's assets with a total estimated value of £37.4k, this valuation was based upon the Company's accounts as at the date of Liquidation.

7. ETHICS

Please also be advised that the Joint Liquidators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

7.1 General Ethical Considerations

Prior to the Joint Liquidators' appointment, a review of ethical issues was undertaken and no ethical threats were identified. A further review has been carried out and no threats have been identified in respect of the management of the insolvency appointment over the Review Period.

7.2 Specialist Advice and Services

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Liquidators are obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The Joint Liquidators regularly review the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. However, no specialists have been engaged by the Joint Liquidators in this matter.

8. COSTS AND EXPENSES

The payments shown on the R&P at Appendix II are in the main self-explanatory.

8.1 Pre-Appointment Costs

No pre-appointment costs have been recharged to the estate.

8.2 Joint Liquidators' Remuneration

The Joint Liquidators' remuneration was approved by a resolution of the Members on 21 April 2022 to be paid as a set amount of £3.8k plus VAT. This fee has been duly paid during the Review Period.

8.3 Other Expenses

The R&P attached at Appendix II details other expenses discharged from the estate.

No Category 2 expenses have been incurred or paid during the Review Period.

9. FURTHER INFORMATION

Members of the Company with at least 5% of the total voting rights of all the Members having the right to vote at general meetings of the Company, or any member with the permission of the court, may request further details of the Joint Liquidators' remuneration and expenses, within 21 days of receipt of this report.

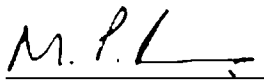
Members of the Company with at least 10% of the total voting rights of all the Members having the right to vote at general meetings of the Company, or any member with the permission of the court, may apply to court to challenge the amount and/or basis of the Joint Liquidators' fees and the amount of any proposed expenses or expenses already incurred on the grounds that they are excessive or inappropriate, within 8 weeks of receipt of this report.

10. CONCLUSION

The administration of the Liquidation will continue in order to finalise the following outstanding matters:

- Liaise with HMRC to obtain the CT, S455 Tax and PAYE refunds;
- Prepare the final distribution to the Shareholders; and
- Prepare and issue the proposed final account to Members.

If you require any further information, please contact Grace Clohessy on 01332 332021.



M P Roome
Joint Liquidator

APPENDIX I

STATUTORY INFORMATION

Registered Office:	2 Lace Market Square, Nottingham, NG1 1PB
Former Registered Office:	C/O Adepta Ltd Unit 3 Hill Farm Kirby Road, Kirby Bedon Norwich, NR14 7DU
Registered Number:	08632417
Nature of Business:	Other retail sale not in stores, stalls or markets
Name of Liquidators:	Michael Paul Roome Dean Anthony Nelson
Address of Liquidators:	PKF Smith Cooper, 2 Lace Market Square, Nottingham, NG1 1PB; and PKF Smith Cooper, Prospect House, 1 Prospect Place, Pride Park, Derby, DE24 8HG
IP Numbers:	22072 9443
Date of Appointment of Liquidators:	21 April 2022
Appointed By:	The Members
Contact Name:	Grace Clohessy
Email Address:	Grace.clohessy@pkfsmithcooper.com
Telephone Number:	01332 332021

THE JOINT LIQUIDATORS' R&P

Clever2 Ltd
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

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	Bank 1 Current		11,724.57
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Funds held in an interest bearing account.

Dividend Information:

A distribution in specie of £37,420.00 per share was declared to shareholders on 21 April 2022 consisting of £37,420.00 being distributed in specie.

A capital distribution of £10,000.00 per share was declared to shareholders on 5 May 2022 consisting of £10,000.00 being distributed in cash.

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(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

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Michael Paul Roome
Joint Liquidator

APPENDIX III

THE JOINT LIQUIDATORS' GUIDE TO FEES, EXPENSES AND DISBURSEMENTS

Information for creditors in relation to fees, expenses and disbursements as of 1 April 2022

General information for creditors regarding insolvency matters

Creditors wishing to understand or find out more information in relation to this or any other type of insolvency process may visit the website here:

<http://www.creditorinsolvencyguide.co.uk/>

This website is a step-by-step guide designed to help creditors navigate their way through an insolvency process and has been produced by R3, the UK insolvency trade body.

A creditors' guide to the fees payable in an insolvency process and the process an insolvency practitioner is required to adopt for seeking approval of his or her fees may be acquired from the following website:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

If any party is unable to obtain a copy of either of the above guides, please contact the individual referred to below who will furnish you with a copy, free of charge:

- Contact – Anita Godson
- Telephone – 01332 332021
- Email – creditor.correspondence@pkfsmithcooper.com
- Post – St Helen's House, King Street, Derby, DE1 3EE

Dean Anthony Nelson, Nicholas Charles Osborn Lee, Andrew Paul Stevens and Michael Paul Roome are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. They are all bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment, which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>. When acting as Receiver, Administrative Receiver or Administrator they act as agent only, without personal liability and when acting as Administrator, the affairs, business and property of the company are being managed by them. Regulated by the Institute of Chartered Accountants in England & Wales for a range of investment business activities. When taking appointments, the firm's licensed Insolvency Practitioners are Data Controllers of personal data as defined by the Data Protection Act 1998 and the General Data Protection Regulations 2018. PKF Smith Cooper will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the appointments which they take. For further details see the firm's privacy policy which can be accessed on our website using the following link <https://www.pkfsmithcooper.com/bri-privacy-notice/>

Information specific to PKF Smith Cooper

Grade	Charge out rate (£ per hour)
Partner	375
Director	270
Senior Manager	210
Manager	200
Assistant Manager	190
Senior Insolvency Administrator	175
Administrator	140
Junior Administrator	95
Cashier	95
Other	65

Time costs are calculated using 6-minute units.

The Office Holder does not recover the costs of support staff other than where their time is specifically incurred and can be identified in dealing with work undertaken on a specific engagement.

Expenses

In accordance with Statement of Insolvency Practice 9 (SIP9) expenses are any payments from the estate outside of the office holder's remuneration or distributions to creditors or members.

Expenses are divided into two categories:-

- Category 1 expenses are payments to an independent third party for costs which are directly referable to the engagement. Category 1 expenses can be paid without prior approval. Examples may include statutory advertising, specific bond insurance, external room hire and storage costs.
- Category 2 expenses are payments to associates or which have an element of shared costs. Category 2 expenses may be drawn if they have been approved in the same manner as office holder's remuneration. This includes mileage which is charged at 45p per mile.

Expenses also include disbursements, which are costs paid for by the office holder's firm initially but subsequently recharged to the estate, with the office holder's firm being reimbursed.

APPENDIX IV

DETAILED NARRATIVE OF WORK UNDERTAKEN

General Description	Includes
Administration and Planning	
Statutory/advertising	Filing of documents to meet statutory requirements Advertising in accordance with statutory requirements
Document maintenance/file review/checklist	Filing of documents Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
Bank account administration	Preparing correspondence opening accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing BACS payments
Planning / Review	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical and technical aspects of the case
Books and records / storage	Preparing a letter to the Director to safeguard the Company's books and records
Member reports	Preparing and issuing general reports to members Responding to members queries
Realisation of Assets	
Cash at Bank	Liaising with the director to transfer funds Liaising with the bank to transfer funds and close account Monitoring receipts
Plant and Equipment	Liaising with valuers Liaising with secured creditors
Stock	Reviewing stock values Liaising with agents
Creditors	
Creditor Communication	Finalising pre-appointment tax position Obtaining CT clearance Liaising with HMRC regrading VAT and PAYE Clearance
Distributions to Members	
Dividend procedures	Preparation of distribution calculation Preparation of correspondence to members announcing declaration of dividend Preparation of BACS to pay dividend Preparation of correspondence to members enclosing payment of dividend Searching Financial Sanctions database prior to every distribution
Distribution in specie	Obtaining a valuation of the assets Notification of the distribution in specie to members

A MEMBERS' GUIDE TO LIQUIDATORS FEES

A Members' Guide to Liquidators' Fees - England and Wales

1 Introduction

When a company goes into liquidation the costs of the proceedings are paid out of its assets. The members (i.e. shareholders) 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 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 and explains the basis on which fees are fixed.

2 Liquidation procedure

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. Where a declaration of solvency has been sworn by all or a majority of the directors of a company (as would usually be the case where they believe that the company has surplus assets to be distributed to members) a liquidation instituted by resolution of the shareholders is called a members' voluntary liquidation (often abbreviated to 'MVL').

3 Fixing the liquidator's fees

The basis for fixing the liquidator's remuneration in an MVL is set out in rule 4.148A of the Insolvency Rules 1986. The rule states that the remuneration shall be fixed either:

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

4. Who fixes the remuneration?

It is for the members of the company to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage to be applied. Rule 4.148A 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 liquidation;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the assets which the liquidator has to deal with.

A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with the scale laid down for official receivers.

5. Review of remuneration

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

6. What information should be provided by the liquidator?

6.1 General principles

The liquidator should provide those responsible for approving his remuneration 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 member, while being proportionate to the circumstances of the case.

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.

6.2 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.

Key issues

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, 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, 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. 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 remuneration.

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 Disbursements

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.

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.

6.4 Progress reports and requests for further information

The liquidator is required to send annual progress reports to members. The reports must include:

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

Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a 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 members with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the Company or by any member with the permission of the court.

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

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information.

Any 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

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

The information which must be provided is –

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

- the number of hours spent by each grade of staff in the relevant period.

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

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

8. What if a member is dissatisfied?

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

Application may be made to the court by members with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the Company, or 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. 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.

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.

9. Other matters relating to fees

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 the scale laid down for the official receivers. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

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.

If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the members or the court.

If a new liquidator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new liquidator until a further determination, resolution or court order is made.

Where the basis of the remuneration is a set amount, and the liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing liquidator. The application must be made to the same body as approved the remuneration. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.

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. 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.

Whilst every care has been taken in its preparation, this statement is intended for general guidance only.