

LIQ03

Notice of progress report in voluntary winding up



Companies House

THURSDAY



A15 04/01/2018 #380
COMPANIES HOUSE

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ie

1 Company details

Company number 08861878

Company name in full
Happy Fountain Ltd
t/a Mandarin Bay

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

2 Liquidator's name

Full forename(s) Gordon Smythe
Surname Goldie

3 Liquidator's address

Building name/number Bulman House
Street Regent Centre, Gosforth
Post town Newcastle upon Tyne
County/Region
Postcode NE3 3LS
Country

4 Liquidator's name ①

Full forename(s) Andrew David
Surname Haslam

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

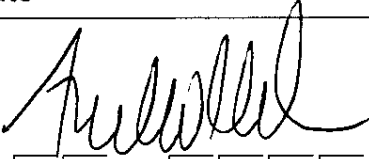
5 Liquidator's address ②

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Postcode NE3 3LS
Country

② Other liquidator
Use this section to tell us about
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LIQ03

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6	Period of progress report															
From date	^d 1	^d 5	^m 1	^m 1	^y 2	^y 0	^y 1	^y 6								
To date	^d 1	^d 4	^m 1	^m 1	^y 2	^y 0	^y 1	^y 7								
7	Progress report															
<input checked="" type="checkbox"/> The progress report is attached																
8	Sign and date															
Liquidator's signature	Signature X  X															
Signature date	^d 0	^d 3	^m 0	^m 1	^y 2	^y 0	^y 1	^y 8								



LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS

For the period 15 November 2016 to 14 November 2017

Happy Fountain Ltd t/a Mandarin Bay – In Creditors' Voluntary Liquidation

Issued on 3 January 2018

Tait Walker Turnaround and Insolvency
Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS
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recovery@taitwalker.co.uk



TAIT WALKER
TURNAROUND & INSOLVENCY

Happy Fountain Ltd t/a Mandarin Bay – In Creditors' Voluntary Liquidation

Contents

1. Introduction
2. Statutory Information
3. Liquidators' Actions Since Appointment
4. Receipts and Payments Account
5. Dividends
6. Investigations into the affairs of the Company
7. Pre-Appointment Remuneration
8. Liquidators' Remuneration
9. Liquidators' Expenses
10. Further Information
11. Summary

Appendix 1	A description of the routine work undertaken since my appointment as Liquidator
Appendix 2	Joint Liquidators' receipts and payments account
Appendix 3	Schedule of time costs incurred to date
Appendix 4	Tait Walker – Fee Recovery Policy



1. INTRODUCTION

Gordon S Goldie and I were appointed Joint Liquidators of Happy Fountain Ltd t/a Mandarin Bay ("the Company") on 15 November 2016.

Andrew David Haslam is a partner and Gordon Smythe Goldie is a consultant in Tait Walker Turnaround and Insolvency (a division of Tait Walker LLP) and both are licensed to act as insolvency practitioners in the United Kingdom by The Institute of Chartered Accountants in England & Wales.

I confirm that I do not consider that any material conflict or relationship existed or exists which would have prejudiced Andrew David Haslam or I in taking this appointment and no subsequent ethical issues have arisen to date which would impact on our duties as office holders.

This report has been prepared for the purposes of complying with the Joint Liquidators' statutory duties. It should not be relied upon by any person for any other purpose and in any other context, and any person doing so does at their own risk.

Any estimated outcomes or dividend prospects for creditors incorporated within this report are illustrative and subject to change depending on the ultimate proceeds of realisation, costs of the liquidation, and levels of creditor claims. As such, such estimates or dividend prospects cannot be relied upon and should only be used as guidance as to the actual outcome.

2. STATUTORY INFORMATION

Company name:	Happy Fountain Ltd t/a Mandarin Bay
Registered office:	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Former registered office:	4 Old Parish Hall, Smithy Square, Cramlington, NE23 6UW
Registered number:	08861878
Joint Liquidators' names:	Gordon Smythe Goldie and Andrew David Haslam
Joint Liquidators' address:	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Joint Liquidators' date of appointment:	15 November 2016
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.

3. LIQUIDATORS' ACTIONS SINCE APPOINTMENT

Since the initial creditors meeting, I have reviewed the questionnaire completed by the Director and chased up any outstanding matters detailed within the report to creditors.

As detailed in the Statement of Affairs and explanatory information, we noted there was a Directors loan account which required further investigations. We refer you to the main body of this report for full details relating to this matter.

I have also scheduled and reviewed the books and records collected from the Company and dealt with all general enquiries from the Director and creditors.

There is certain work that I am required by the insolvency legislation to undertake work in connection with the Liquidation that provides no financial benefit for the creditors. A description of the routine and general work undertaken since my appointment as Liquidator is contained in Appendix 1.

4. RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the period from 15 November 2016 to 14 November 2017 is attached at Appendix 1.

The balance of funds are held in an interest bearing estate bank account.

ASSETS

On 2 March 2017, I sold the Goodwill of the Company to Kevin Liu, a person connected with the Company.

Due to the Liquidation of the Company, the value of this asset has diminished, therefore no valuation was required

The assets were sold for £1.00. An outline of the different types of asset sold and the amount for which they were sold, together with a comparison against the valuation realised,

Asset category	Valuation basis & amount (£)	Sale Consideration £
<i>Goodwill</i>	N/A	1.00
Total	N/A	1.00

Furniture & Equipment – Subject to Hire Purchase

The statement of affairs advised that the various pieces of furniture and equipment held on site were subject to hire purchase agreement with an outstanding balance of £2,940. We advised in our report that the Director may wish to make his own arrangements to novate this contract. There was nothing to realise in this matter.

Property, Land & Buildings

We noted there was an amount of £5,132 detailed in the financial statements for the year ending 31 May 2015. As this related to the legal fees and stamp duty costs of setting up the lease, no realisations would be made in respect of this matter. The estimate to realise value in the statement of affairs was detailed as £nil.

Furniture & Equipment - Floating Charge

The statement of affairs details the furniture and equipment as having a value of £nil. We originally believed that these were assets of the Company and we arranged for a valuation to be carried out. However it was later revealed that the Director had sold these assets on a short term loan/rent back basis. No realisations were to be made in respect of this matter.

Stock

The stock held by the Company had been utilised prior to our appointment therefore there were no realisations to be made in respect of this matter.

Sundry Refunds

We advised that, following our appointment, we would look to recover any refunds due to the Company in respect of prepayment of rates, utilities and insurance. We can confirm that no realisations will be made in respect of this matter.

Goodwill

The goodwill of the Company was purchased for the sum of £1.00. This included continued use of the Company website.

Directors Loan Account

We advised that the figure of £62,581, taken from the management accounts for the year ending 31 May 2016, related to funds drawn by the Director. Following our appointment, it was our intention to investigate this matter and recover any balance due to the Company.

We issued correspondence to the Director requesting that these funds were repaid for the benefit of creditors.

A response was received advising us that the Director was not in a position to repay any funds.

Several personal guarantees had been granted by the Director who was under significant pressure for payment in respect of these. We requested that a sworn income and expenditure statement and asset and liabilities statement be completed to access the level of the Directors personal assets and surplus income.

Following our investigations it was revealed that the Director did not have any personal assets that would cover the Director Loan Account. The income and expenditure statement also confirmed that the Director was unable to make regular monthly contributions.

It was therefore agreed that an amount of £5,000 would be paid in full and final settlement of the Directors Loan Account.

To date, the Director has paid a total of £3,699. This matter has been pursued on several occasions over the last 12 months. The Director has fallen behind with the payment plan but has advised that payment is forthcoming.

PAYMENTSValuers Fees

We instructed H & H James Sutherland to value the furniture and equipment on the Company premises. An amount of £347.50 was incurred.

Specific Bond

Insolvency Practitioners are required by law to obtain a case specific bond for the value of funds available for unsecured creditors (essentially an insurance policy to protect the Company assets). An amount of £30.00 has been incurred to date.



Postage

Postage costs of £39.02 have been incurred in respect of circulating various correspondence to all creditors which includes details of the creditors meeting held to appoint a Liquidator and notification of our appointment/the outcome of the creditors meeting.

Statutory Advertising

Advertising costs of £231.00 have been incurred for the advertisement of the meeting of creditors and also my appointment in the London Gazette.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies showed that the Company has granted a fixed and floating charge on 20 May 2016.

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ringfenced for distribution to unsecured creditors. In this case the value of the Company's net property is £nil therefore the prescribed part will be £nil.

Preferential Creditors

The statement of affairs advised that employees of the Company may claim for arrears of pay, holiday pay, redundancy pay and pay in lieu of notice. As employees were transferred over to the new Company, no claims were made in respect of this matter.

Crown Creditors

The statement of affairs included £44,516 owed to HMRC. HMRC's final claim of £73,896.22 has been received.

Non-preferential unsecured Creditors

The statement of affairs included 24 non-preferential unsecured creditors, made up of £27,467.17 to trade creditors, £10,000 to Nat West bank and £147,436 in respect of various loans, giving an estimated total liability of £184,903.17. I have received claims from 10 creditors at a total of £54,942.51. I have not received claims from 15 creditors with original estimated claims in the statement of affairs of £129,960.66.

5. DIVIDEND PROSPECTS

Secured creditors – No dividend will be paid to secured creditors.

Preferential creditors – No dividend will be paid to preferential creditors.

Floating charge creditors – No dividend will be paid to floating charge creditors.

Non-preferential unsecured creditors – No dividend will be paid to unsecured creditors.

As previously advised, the Company gave a fixed and floating charge to Ajay Kohli on 20 May 2016 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the Liquidation to date, the net property of the Company is £nil, and I estimate that the prescribed part of the net property for unsecured creditors is also £nil.

Since the Company's net property is less than £10,000, the insolvency legislation does not require me to distribute the prescribed part of the net property to creditors if I think that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors. I am of the view that the costs of distribution would be disproportionate and so will not be making a distribution of the prescribed part of the net property to non-preferential unsecured creditors.

6. INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

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

Specifically, I recovered, listed and reviewed the Company's accounting records; reviewed some limited bank statements and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the liquidation and made enquiries about the reasons for the changes.

There were no matters that justified further investigation in the circumstances of this appointment.

Within three months of my appointment as Liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

7. PRE-APPOINTMENT REMUNERATION

The creditors previously authorised the payment of a fee of £5,000 for my assistance with preparing the statement of affairs and arranging the meeting of creditors to appoint a Liquidator.

The fee for preparing the statement of affairs and arranging the meeting of creditors to appoint a Liquidator is unpaid as insufficient realisations have been made to date.

8. LIQUIDATORS' REMUNERATION

My total time costs to 14 November 2017 amount to £8,440.50 representing 53.85 hours of work at a blended charge out rate of £156.74 per hour.

I will be unable to draw any fees in relation to Liquidators remuneration as the assets will be insufficient to meet these costs.

As such, I have not sought a resolution to approve the basis of my remuneration.

9. LIQUIDATORS' EXPENSES

I have incurred expenses to 14 November 2017 of £647.52.

To date, I have not been able to draw any expenses in this matter.

I have incurred the following expenses in the period since my appointment as Liquidator.

Type of expense	Amount incurred/ accrued in the reporting period
Valuers Fees	£347.50
Specific Bond	£30.00
Postage	£39.02
Statutory Advertising	£231.00

I have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
H & H James Sutherland	Valuer	Fixed Fee

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

10. FURTHER INFORMATION

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Liquidators' remuneration and expenses within 21 days of their receipt of this report. Any secured creditor may request the same details in the same time limit.


An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Joint Liquidators as being excessive, and/or the basis of the Joint Liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Tait Walker can be found at <https://www.taitwalker.co.uk/provision-services-regulations/>

11. SUMMARY

The Liquidation will remain open until the remaining cash relating to the repayment of the Directors Loan account has been received. I estimate that this will take approximately 8 months and once resolved the Liquidation will be finalised and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Sarah Dorkin on 0191 285 0321, or by email at sarah.dorkin@taitwalker.co.uk



Andrew D Haslam
JOINT LIQUIDATOR

APPENDIX 1

A description of the routine work undertaken since my appointment as liquidator

1. Administration

- 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 required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening and holding general meetings of creditors and members (as applicable).
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing annual progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

2. Creditors

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.

3. Investigations

- Submit an online return on the conduct of the directors as required by the Company Directors Disqualification Act.

Happy Fountain Ltd t/a Mandarin Bay
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments
To 14/11/2017

S of A £		£	£
	HIRE PURCHASE		
2,940.00	Furniture & Equipment	NIL	
(2,940.00)	DPM Finance	NIL	
			NIL
	ASSET REALISATIONS		
Uncertain	Property, Land & Buildings	NIL	
	Goodwill	1.00	
NIL	Furniture & Equipment	NIL	
NIL	Stock	NIL	
Uncertain	Debtors/Directors Loan Account	3,699.00	
Uncertain	Sundry Refunds	NIL	
	Bank Interest Gross	0.17	
			3,700.17
	FLOATING CHARGE CREDITORS		
(58,950.00)	Ajay Kohli	NIL	
			NIL
	UNSECURED CREDITORS		
(27,467.17)	Trade Creditors	NIL	
(10,000.00)	Natwest Bank	NIL	
(147,436.00)	Loans	NIL	
(44,516.00)	H M Revenue & Customs	NIL	
			NIL
	DISTRIBUTIONS		
(2.00)	Ordinary Shareholders	NIL	
			NIL
(288,371.17)			3,700.17

REPRESENTED BY
Current Account

3,700.17

3,700.17



Andrew David Haslam
Joint Liquidator

Time and Charge Out Summary - Post Appointment
Client: 1002342 - Happy Fountain Ltd Via Mandarin Bay

(Summary, All WIP, Exclude Disbursements)

Period Start Period End

14/11/2017

Hours	Partner	Associate Partner	Associate Partner	Manager	Assistant Manager	Senior Case Administrator	Case Administrator	Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration and Planning											
Correspondence					2.55	2.00	6.00	4.70	15.25	2,224.00	145.84
							0.10		0.10	14.00	140.00
Investigations						2.40	13.10		15.50	2,506.00	161.68
Realisation of Assets					0.65		4.20		4.85	725.00	149.48
Trading											
Creditors					0.25		0.90	3.50	4.65	658.50	141.61
Other Matters					0.40				0.40	88.00	220.00
Statutory Matters					0.60		5.80	4.70	13.10	2,225.00	169.85
Employees											
Time and Cost Totals											
Post Appointment											

TAIT WALKER TURNAROUND AND INSOLVENCY – FEE RECOVERY POLICY

Introduction

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

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.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 <http://www.taitwalker.co.uk/sip-9-fee-guidance/>. Alternatively a hard copy may be requested from Tait Walker Turnaround and Insolvency (A division of Tait Walker LLP), Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS or recovery@taitwalker.co.uk. 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.

Chargeout Rates

<u>Grade of staff</u>	<u>Current charge-out rate per hour, effective from 1st June 2017</u>
Partner	£ 315
Associate Partner	300
Associate	285
Manager	275
Assistant Manager	220
Senior Case Administrator	180
Case Administrator	150
Case Support Staff	110

Up to November 2014 we referred to "maximum" rates, without specifying a minimum rate. We felt that this could be confusing and lower rates were rarely used, so we now just use the above rates.

<u>Grade of staff</u>	<u>Rate (£) per hour (Previous maximum rate (£) from 1st November 2014)</u>	<u>Rate (£) per hour (Previous maximum rate (£) from 1st June 2014)</u>	<u>Rate (£) per hour (Previous maximum rate (£) from 1st October 2013)</u>
Partner/Consultant	300	300	300
Associate Partner	275	275	275
Associate	270	-	-
Manager	260	260	250
Assistant Manager	200	-	-
Senior Case Administrator	170	170	160
Case Handler/Administrator	140	-	-
Case support staff	102	102	100

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

These charge-out rates charged are reviewed on an annual basis and are adjusted to take account of inflation and the firm's overheads.

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

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

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

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 Tait Walker Turnaround & Insolvency or Tait Walker LLP; 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.

Tait Walker LLP do not typically recharge expenses disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc.