

The Insolvency Act 1986
Administrator's progress reportName of Company
Hydrofit CDI LtdCompany number
09251453In the
The High Court of Justice, Newcastle Upon
Tyne, District RegistryCourt case number
0133 of 2016(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Andrew David Haslam
Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LSGordon Smythe Goldie
Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LS

Administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 22 March 2016

(b) 21 September 2016

Signed

Joint Administrator

Dated

14 October 2016

Contact Details:

You do not have to give any
contact information in the box
opposite but if you do, it will help
Companies House to contact you if
there is a query on the form

The contact information that you
give
will be visible to searchers of the
public record

Andrew David Haslam
Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LS

DX Number

0191 285 0321
DX Exchange

When you have completed and signed this form, please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



A17

A5HUFC8X

18/10/2016

#361

COMPANIES HOUSE

TUESDAY

**Administrators' Progress Report
for the 6 month period from 22 March 2016 to 21 September 2016**

Hydrofit CDI Ltd – In Administration (“the Company”)

Issued on: 14 October 2016



TAIT WALKER
TURNAROUND & INSOLVENCY

Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS
Tel: +44 (0) 191 285 0321 Fax: +44 (0) 191 284 9117
recovery@taitwalker.co.uk

The affairs, business and property of the Company are being managed by Andrew David Haslam and Gordon Smythe Goldie as Joint Administrators, who act as agents of the Company and without any personal liability

Contents

1	Executive Summary
2	Statutory Information
3	Administrators' actions since appointment
4	Receipts and Payments Account
5	Dividends
6	Investigations into the affairs of the Company
7	Pre-Administration Costs
8	Administrators' Remuneration
9	Administrators' Expenses
10	Further Information
11	Summary

Appendix A	-	Work undertaking in this period required by the insolvency legislation
Appendix B	-	Joint Administrators' receipts and payments account
Appendix C	-	Tait Walker – Statement on Remuneration and Expenses

1. EXECUTIVE SUMMARY

We, Gordon Smythe Goldie and Andrew David Haslam, of Tait Walker LLP were appointed Joint Administrators of Hydrofit CDI Limited on 22 March 2016

We are both partners in Tait Walker LLP ("Tait Walker") and licensed to act as insolvency practitioners by The Institute of Chartered Accountants in England & Wales

We confirm that no material conflict or relationship existed or exists which would have prejudiced us in taking this appointment and no subsequent ethical issues have arisen to date which would impact on our duties as office holders

In accordance with statutory requirements, we provide our first progress report on the Administration for the period from 22 March 2016 to 21 September 2016

We enclose at Appendix A a description of the routine work undertaken since my appointment as Administrator, at Appendix B our receipts and payments account from 22 March 2016 to 21 September 2016 and at Appendix C Tait Walker LLP – Statement on Remuneration and Expenses

This report has been prepared for the purposes of complying with our statutory duties as Joint Administrators under the Insolvency Act and Rules, as amended. 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 prospect for creditors incorporated within this report are illustrative and subject to change depending on the ultimate proceeds of realisation, costs of the administration, and levels of creditor claims. As such, such estimates or dividend prospects cannot be relied upon as guidance as to the actual outcome

This report should be read in conjunction with the Administrators' Statement of Proposals which sets out the objectives of the Administration and the background to the Administration

2. STATUTORY INFORMATION

Company name	Hydrofit CDI Ltd
Company number	09251453
Date of incorporation	07 October 2014
Trading address	Unit 1, Maple Way Aycliffe Ind Park, Newton Aycliffe, DL5 6BF
Registered office	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Former registered office	Unit 1, Maple Way Aycliffe Ind Park, Newton Aycliffe, DL5 6BF
Principal trading activity	Engineering
Joint Administrators' names	Andrew David Haslam and Gordon Smythe Goldie

Joint Administrators' address	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Date of appointment	22 March 2016
Court name and reference	The High Court of Justice, Newcastle Upon Tyne, District Registry 0133 of 2016
Appointment made by	The Directors – Anthony Kay
Actions of Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

3. ADMINISTRATORS' ACTIONS SINCE APPOINTMENT

Further to the details provided in the Administrators' Statement of Proposals, the initial strategy was to rescue the Company as a going concern, however, this could not be achieved as the majority creditor and 40% shareholder of the holding company, Hydrofit Alliance Limited, indicated that they did not wish to sell their shares nor compromise their debt and as such a sale of the subsidiaries could not be achieved

Subsequently, the strategy was to carry out a pre-packaged sale of the business and assets of the holding company and the three subsidiary companies with certain assets, namely debtors, cash at bank and sundry refunds, excluded from the sale in order to achieve a better result for the Company's creditors. The pre-packaged sale took place immediately after the Administrators' appointment on 22 March 2016

Cowgill Holloway LLP was engaged to carry out a marketing exercise prior to the sale in order to identify interested parties and subsequently undertake a disposal exercise. Cowgill Holloway LLP are an independent firm who have undertaken transactions such as this previously, and as such, had the requisite experience to undertake the assignment. Due to the shareholder dispute, the decision was taken to appoint an independent Corporate Finance Team rather than the in-house Corporate Finance Team at Tait Walker LLP so that the independence and integrity of the sale process could not be in doubt.

Muckles LLP were engaged to prepare the sales and purchase agreement and complete the pre-packaged sale. Muckles were instructed based on their expertise and prior knowledge of the history and group structure.

Due to the complexities of this case mainly partners, assistant managers and senior administrators at Tait Walker LLP have been used to carry out the tasks detailed in this report.

As required by statute, I have prepared the SIP 16 Disclosure for creditors and the Joint Administrators' Statement of Proposals which should be read in conjunction with this report.

In order to realise the Company's assets, I have facilitated a pre-packaged sale immediately following my appointment. Further details of the pre-packaged sale and the background surrounding it, were provided in the Joint Administrators' Statement of Proposals.

In addition, I have collected the Company's book debts (with one debtor still outstanding) and liaised with the Company's bankers in order to recover the credit balance at the bank. There are no refunds due to the Company in respect of prepayments.

I have also dealt with various Retention of Title claims which have been received to date and various creditor enquiries.

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

4. RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 22 March 2016 to 21 September 2016 is attached at Appendix B.

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

ASSETS / RECEIPTS

Sale of business and assets

As detailed earlier in the Joint Administrators' Statement of Proposals, a pre-pack sale of the Company's business and assets took place on 22 March 2016 for £2,000. The sale price has been apportioned as follows:

ASSETS	PRICE APPORTIONMENT
Goodwill	£1
Plant and Machinery	£1,995
Seller's Records	£1
Work In Progress	£1
Customer Contracts	£1
Business Intellectual Property Rights	£1
TOTAL	£2,000

To date, £2,000 has been received into the Administration estate bank account.

Debtors

As at the date of my appointment, the Company had two debtors with an outstanding balance of £12,899.04. To date, we have recovered £9,868.62. A balance of £3,030.42 remains outstanding.

Cash at Bank

The Company's bank account was in credit at the date of my appointment, as such we have liaised with the bank and recovered a balance of £3,911.82.

Bank Interest (Gross)

Bank interest of £2 39 has accrued on the balance held in the interest bearing Administration estate bank account. Bank interest is subject to Corporation Tax however, due to the minimal amount, it is not anticipated that HM Revenue & Customs would peruse the Corporation Tax in this case.

PAYMENTS

Postage

Postage costs of £16 97 have been incurred and paid in respect of issuing statutory documents to creditors and other relevant parties.

Statutory Advertising

Advertising costs of £77 have been incurred since my appointment in respect of statutory advertising of my appointment in the London Gazette.

Insolvency Practitioners' Bond

As Insolvency Practitioners' we are required by law to obtain a bond for the value of funds available for unsecured creditors (essentially an insurance policy to protect the assets).

The premium for our bond of £58 has been incurred and paid.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has no current charges over its assets.

Preferential Creditors

The Statement of Affairs anticipated £nil in preferential creditors as the Company did not employ any staff.

Crown Creditors

As detailed in the Statement of Affairs there was no outstanding balance due to HM Revenue & Customs ("HMRC").

Non-preferential unsecured Creditors

The Statement of Affairs included 2 non-preferential unsecured creditors with an estimated total liability of £18,718 66. I have received claims from both creditors at a total of £13,404 24.

5. DIVIDEND PROSPECTS

Non-preferential unsecured creditors

As detailed in my proposals and based on current realisations to date, it is not anticipated that there will be a dividend to the 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, obtained and reviewed copy bank statements for the period prior to the Company ceasing to trade from the Company's bankers, and compared the information in the Company's last set of accounts with that contained in the Statement of Affairs lodged in the Administration and made enquiries about the reasons for the changes.

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

Within six months of my appointment as Administrator, 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-ADMINISTRATION COSTS

On 14 April 2016 the following pre-appointment costs were approved by the creditors:

Pre-appointment fees charged £1,025

Pre-appointment expenses incurred £nil

8. ADMINISTRATORS' REMUNERATION

My remuneration was previously authorised by the creditors on 14 April 2016. I was authorised to draw a fixed fee of £10,000 for my work in respect of Administration, Creditors, Realisation of Assets and Investigations.

I have drawn £10,000 to 21 September 2016 in respect of work done for which my fees were approved as a fixed fee.

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/>. A copy of 'A Creditors Guide to Administrators' Fees' also published by R3, together with an explanatory note which shows Tait Walker's fee policy are available at the link <http://www.taitwalker.co.uk/sip-9-fee-guidance/>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the October 2015 version.

9. ADMINISTRATORS' EXPENSES

I have incurred total expenses of £151 97 since my appointment as Administrator

I have drawn £151 97 to 21 September 2016

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

Type of expense	Amount incurred/ accrued in the reporting period
Insolvency Practitioners' Bond	£58 00
Postage	£16 97
Statutory Advertising	£77 00

I have not incurred any category 2 disbursements in the period since my appointment as Administrator

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

Professional Advisor	Nature of Work
Cowgill Holloway LLP	Corporate Finance Team
Muckle LLP	Solicitors

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. Due to the minimal level of assets available for creditors in this case both Muckle LLP and Cowgill Holloway LLP have agreed to waive their fees in respect of this case.

Nature of expense	Estimated expenses	Expenses incurred to date
Statutory Advertising	£231 00	£77 00
Insolvency Practitioners' Bond	£30 00	£58 00
Postage Costs	£300 00	£16 97
Storage and Destruction	£200 00	£0 00
Mileage (Category 2 Disbursement)	£200 00	£0 00
Total	£961.00	£151.97

As at 21 September 2016, I do not anticipate that the expenses I will incur in this matter will exceed the total expenses I estimated I would incur when my remuneration was authorised by the creditors. Creditors will note however, that my estimate of the Insolvency Practitioners' Bond has exceeded the original estimate, this is due to the level of realisations being greater than initially anticipated.

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

Administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

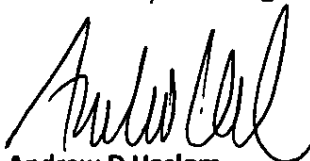
An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of 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, including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.taitwalker.co.uk/provision-services-regulations/>

11. SUMMARY

The Administration of the Company has been finalised and any matters which are unresolved or assets which have not yet been realised will be concluded by the Joint Liquidators. As such, the Administration will be converted to a Liquidation, as requested by creditors and approved in the modified proposals.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Tonya Allison on 0191 285 or by email at tonya.allison@taitwalker.co.uk



Andrew D Haslam
Joint Administrator

The Joint Administrators are agents of the Company and act without personal liability.

APPENDIX A

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

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/electronic 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 a meeting of creditors to consider the Administrators' proposals
- 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 progress reports to creditors and members
- Filing returns at Companies House
- Preparing and filing VAT returns
- Preparing and filing Corporation Tax returns

2 Creditors

- Obtaining information from the case records about employee claims
- Completing documentation for submission to the Redundancy Payments Office
- Corresponding with employees regarding their claims
- Liaising with the Redundancy Payments Office regarding employee claims
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system
- Issuing a notice of intended dividend and placing an appropriate gazette notice
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend
- Paying tax deducted from the dividends paid to employees

3 Investigations

- Carrying out initial investigations into the Company's affairs and the conduct of the Directors in order to identify any transactions requiring further investigation
- Conducting a review of the Company's bank accounts and financial statements
- Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act

APPENDIX B

**Joint Administrators' receipts and payments account
For the period from 22 March 2016 to 21 September 2016**

Hydrofit CDI Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 21/09/2016

S of A £		£	£
	ASSET REALISATIONS		
	Plant & Machinery	1,995 00	
	Work in Progress	1 00	
24,230 13	Debtors	9,868 62	
NIL	VAT Refund	8 00	
2,000 00	Cash at Bank	3,911 82	
	Goodwill	1 00	
	Seller's Records	1 00	
	Interest Gross	2 39	
	Customer Contracts	1 00	
	Business Intellectual Property Rights	1 00	
			15,790 83
	COST OF REALISATIONS		
	Pre Appointment Remuneration	1,025 00	
	Insolvency Practitioners' Bond	58 00	
	Administrators' Remuneration	10,000 00	
	Postage	16 97	
	Statutory Advertising	77 00	
			(11,176 97)
	UNSECURED CREDITORS		
(18,718 66)	Trade Creditors	NIL	
			NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	NIL	
			NIL
7,411.47			4,613.86
	REPRESENTED BY		
	Current Account		2,378 47
	Vat Control Account		2,235 39
			4,613.86



Andrew David Haslam
Joint Administrator

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 November 2014</u>
	£
Partner	300
Associate Partner	275
Associate	270
Manager	260
Assistant Manager	200
Senior Case Administrator	170
Case Administrator	140
Case Support Staff	102

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 June 2014)</u>	<u>Rate (£) per hour (Previous maximum rate (£) from 1st October 2013)</u>
Partner	300	300
Associate/Director	275	275
Manager	260	250
Case Handler/Administrator	170	160
Case support staff	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 usually only seek time costs for the following categories:

- 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 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.