

The Insolvency Act 1986

Administrator's progress report

Name of Company Merthyr And Rhondda Cynon Taff Groundwork Trust	Company number 2087537
In the High Court of Justice, Chancery Division, Birmingham District Registry [full name of court]	Court case number 8579 of 2013

(a) Insert full name(s) and address(es) of administrator(s)

~~I/We~~ (a) Ian James Gould and Simon Edward Jex Girling of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Joint Administrators of the above Company attach a progress report for the period

(b) Insert date

From (b) 24 March 2015	to (b) 21 April 2015
------------------------------	----------------------------

Signed


Joint Administrators

Dated

14/5/15

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.

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD	
Our Ref KER/C15/MRCTGT	Tel
DX Number	DX Exchange

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**

SATURDAY



A17 16/05/2015 #251
COMPANIES HOUSE

14 May 2015

Your Ref
Our Ref 021228/KER/A6Please ask for Kim Richards
Direct Line 0121 352 6306**TO ALL CREDITORS**

Dear Sirs

Merthyr And Rhondda Cynon Taff Groundwork Trust - Formerly In Administration and now in Creditors' Voluntary Liquidation ("the Trust")

We refer to our appointment as Joint Administrators of the Trust on 6 November 2013 and supply our final report pursuant to Rules 2.47 and 2.110 of the Insolvency Rules 1986.

In accordance with Rule 2.117A of the Insolvency Rules 1986, we submitted Form 2.34B, Move from Administration to Creditors' Voluntary Liquidation, to the Registrar of Companies and we can confirm that the Administration was converted to a Creditors' Voluntary Liquidation on 21 April 2015 with Simon Girling and I being appointed as Joint Liquidators.

A copy of the Notice is attached. This move is in accordance with our proposals sent to creditors in December 2013.

We enclose, for your information, a summary of our receipts and payments from the date of our appointment to the date of conversion showing a balance in hand of £297,227, together with a copy of the abstract receipts and payments account covering the period from the date of our last report being 24 March 2015, to the date of conversion and report as follows:

1 Joint Administrators' Proposals

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act"), the Joint Administrators made the following proposals to the creditors:

- (i) the Joint Administrators do all such things and generally exercise all of their powers as administrators contained in Schedule 1 of the Insolvency Act 1986, as they in their discretion consider desirable or expedient in order to achieve the purposes of the administration, to protect and preserve the assets of the Trust or maximise the realisation of those assets or for any purpose incidental to these proposals
- (ii) if thought appropriate, a creditors' committee be formed



- (iii) the Joint Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after filing their final progress report in the Administration.
- (iv) the Joint Administrators at their sole discretion and at a time they feel is appropriate, either
 - File the necessary returns at Court and with the Registrar of Companies to place the Trust into creditors voluntary liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Ian James Gould and Simon Edward Jex Girling of BDO LLP (the Joint Administrators) be appointed Joint Liquidators, or any other person(s) be appointed liquidator(s) of the Trust in accordance with Paragraph 83(7) of the same,

OR

- make application to Court to end the Administration pursuant to Paragraph 79 of Schedule B1 of the Insolvency Act 1986, following which, the Joint Administrators request that the Trust be compulsorily wound-up and Ian James Gould and Simon Edward Jex Girling (the Joint Administrators) may be appointed Joint Liquidators, if they so desire,

OR

- file the necessary return at Court and with the Registrar of Companies to dissolve the Trust pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.
- (v) The Joint Administrators be remunerated in the sum of £6,000 as a fixed sum in relation to the work undertaken prior to their appointment as Joint Administrators.
- (vi) the Joint Administrators shall be remunerated on a time costs basis by reference to BDO LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration.

The Joint Administrators' proposals were approved at a meeting of creditors held on 13 January 2014. There have been no amendments or deviations from the Joint Administrators' Proposals and no creditors' committee was formed.

2 Receipts

Post - Administration Trading

Having conducted a brief review into the Trust's finances and operations following our appointment, we formed the opinion that it was not possible for the Trust to continue operating in its (then) current form. However, it was clear that the Trust was involved in a number of on-going projects which we believed to be capable of completion or novation.

We engaged in meetings with some of the Trust's major project funders to seek agreement of the best course of action going forward. We received confirmations from some of these funders advising that they would not object to the

continuance/delivery of the projects under the control of the Administrators until a permanent solution was sought.

We were of the view that continuance and/or completion of some or all of the Trust's on-going projects would likely be of benefit to the Trust's creditors as the re-assignment of these projects to any prospective buyers or like-minded organisations would not only protect the amounts due to the Trust by way of invoiced debt or work in progress, it would also reduce the overall liabilities against the Trust, which in turn would maximise returns to the Trust for the benefit of its creditors.

Immediately on appointment, we made eight of the Trust's employees redundant. We retained sixteen members of staff in order that the required resource was available to ensure that delivery on project work could continue without disruption

However, within a week of trading it was clear that due to contractual disputes, the amounts due to the Trust for work in progress on various projects would not be payable on time, if at all, to fund continued day to day trading expenditure

On 13 November 2013, with the exception of the caretaker, all remaining staff were made redundant. Two other members of staff were subsequently engaged on a consultancy basis to assist in bringing the Trust's books and records up to date and identifying assets of the Trust.

On 19 November 2013, Groundwork Caerphilly ("Caerphilly") expressed an interest in the Trust's business and chattel assets. We entered into negotiations with Caerphilly and a draft sales and purchase agreement was presented to Caerphilly on 24 November 2013

The sale of the Trust's business failed to complete due to the uncertainty associated with the assignment or transfer of certain projects. However the furniture and equipment, with the exception of tools required by the caretaker for property maintenance, were sold to Caerphilly for £11,000 plus VAT.

Caerphilly was also granted a licence to occupy a specific 'open area' at the Property for a fee of £100 per month. Further information in this respect is provided later in the report.

No income was generated during the period to 13 November 2013, being the date that all project staff were made redundant.

Sale of Freehold Property known as Fedw Hir ("the Property")

At the date of our appointment, the Trust owned freehold land and property which was being used as the Trust's headquarters. The facility spanned approximately 13 acres of countryside and consisted of various buildings, offices, portacabins, workshops and barns.

The Property, based in Llwydcoed, was first built in the 1920s and previously operated as, amongst other things, a smallpox hospital. The local government granted the Trust permission to change the use of the Property from a hospital to offices. Under this permission, only the Trust was eligible to utilise the Property for office use.

The Trustees obtained a valuation of the Property from Cooke & Arkwright prior to our appointment for financial statement purposes. Cooke & Arkwright valued the Property at £680,000, based on existing use value assuming that the Property would be sold as part of the continuing business

The Trustees have stated in the draft Statement of Affairs that the Property had an estimated to realise value of £500,000.

Upon our appointment Colliers International Property Consultants Limited ("Colliers"), were asked to provide us with an appraisal of the Property based on vacant possession. The appraisal suggested that, subject to finding a willing buyer with no restrictive covenants, the Property could realise in the region of £300,000

Following the appraisal being received from Colliers, Cooke & Arkwright were instructed to provide a valuation of the Property based on vacant possession. Cooke & Arkwright advised that the Property had a value of £360,000 based on vacant possession.

Given that the above permission was not extended to any other entity, we intended to make an application to the local government to reconsider the consents and request permissions to allow the Property to be used by other organisations

Prior to any application being made, the Property was marketed by Colliers and an offer of £375,000 received. Following a recommendation from Colliers the offer was subsequently accepted

As the purchaser's mortgage lender was unwilling to loan against the Property unless the restrictions were varied or lifted they sought planning permission in this respect. This was obtained by the purchasers and the sale of the Property completed on 2 April 2015.

The Co-operative Bank Plc ("the Co-op") legal charge

According to office copy entries obtained from the Land Registry, the Property was the subject of a legal charge in favour of the Co-op. However, the legal charge had not been registered with the Registrar of Companies. Our legal advisors, Messrs. Squire Patton Boggs advised on the validity of the security charged against the Property by the Co-op.

As the Legal Charge had not been registered at Companies House, under Section 874 of the Companies Act 2006 it is void (so far as any security on the Company's property or undertaking is conferred by it) against an Administrator and any creditor of the Company. Irrespective of the terms of the charge, when a charge becomes void under Section 874, the money secured by it becomes immediately due and payable but only as an unsecured debt. Thus, Co-op is an unsecured creditor and its claim against the Trust will be an unsecured claim.

We can confirm that to enable the sale of the Property to proceed, the Co-op released their charge registered at the Land Registry and the Property was accordingly sold free of the charge.

Cash at Bank

The Trustee's draft statement of affairs included an estimated to realise figure in relation to cash at bank of £40,000. I would advise that the balance in the current

account held with the Co-op at the date of our appointment was £44,881. The Co-op have set-off all amounts held by them against amounts owed to them by the Trust.

Warden's Lodge

As detailed above in Section 2, the caretaker was retained to continue to reside at the Property for insurance purposes until the sale of the Property completed on 2 April 2015.

Tenant Occupation under Service Level Agreement ("SLA")

At the date of our appointment BDM Technology and Janro Limited occupied part of the Property under SLAs. Shortly after our appointment BDM Technology served notice to end the SLA and a final rent payment of £793 was received.

Janro Limited remained in occupation until 12 September 2014 when their tenancy ended and they vacated the Property. During the Administration rent totalling £10,032 was received from Janro with the balance outstanding of £1,194 still being pursued. No payments in this respect have been received between 24 March 2015 and 21 April 2015

Licence to Occupy Agreement

Pursuant to the sale of the Trusts' chattel assets to Caerphilly they were granted a licence to occupy a specific 'open area' at the Property for a fee of £100 per month. The licence commenced on 6 March 2014 and expired on 5 September 2014

During the Administration rent totalling £500 was received from Caerphilly with the balance outstanding of £360 still being pursued. No payments in this respect have been received between 24 March 2015 and 21 April 2015.

Furniture, equipment and motor vehicles

Upon our appointment we instructed Messrs MGR Appraisals Limited ("MGR") to prepare an inventory and valuation of the tangible assets within the various buildings located at the Property. The assets were valued at £42,600 on an in situ basis and £27,850 on an ex situ basis.

Realisations in relation to motor vehicles were £22,599 with all remaining furniture and equipment, with the exception of tools required by the caretaker for property maintenance, were sold to Caerphilly for £11,000 plus VAT as discussed above

Following the sale of the Property the tools that were required by the caretaker will be sold. Amounts to be received in this respect are expected to be minimal

Book debts and ongoing contracts

The nature of the Trust's project work meant that in a number of cases, the Trust had been paid in advance for certain contracts and projects and in these instances, the contract/project employer will have a claim against the Trust for the unsatisfied parts of the contract/project

In other instances, the Trust had completed works for which it had not yet been paid and at the date of our appointment, the Trust's accounting records indicated that there were

amounts due to the Trust totalling some £112,503 in respect of trade debtors and some instances of un-invoiced work in progress.

We commissioned the services of a former employee of the Trust on a consultancy basis to agree final accounts with the Trust's major project providers for both complete and incomplete contracts

Since the date of our appointment, we have written to the Trust's debtors seeking payment of the amounts shown in the Trust's accounting records. Of the responses received from debtors, nearly all debtors have so far rejected that there are any sums due to the Trust.

Since the date of our appointment, sums totalling £26,038 have been recovered from debtors. We do not anticipate that there will be any further realisations in this respect

Once the debtor realisation process is complete we will consider the merits of preparing a VAT Bad Debt Relief claim in respect of any amounts that are irrecoverable. We anticipate that any amount due to the Trust may, however, be subject to Crown set-off and, therefore, may not result in any realisation but would help in reducing the overall creditor claims.

Other assets

Any amounts received in the Administration estate were banked in an interest bearing bank account with any bank interest earned forming part of the Administration estate. Bank interest totalling £15 was received into the Administration estate. The amount of interest realised during the period from 24 March 2015 to 21 April 2015 was 0.50p.

An Insurance refund of £765 was received into the estate which related to the cancellation of a motor insurance policy

Rent was received from Western Power in the sum of £123.

Realisations of £88 were received from a Paypal account held by the Trust.

Funds held by the Joint Administrators

The funds held by the Joint Administrators at the end of the Administration are being transferred to the Joint Liquidators' account. The VAT due to and from HM Revenue & Customs will be dealt with in the Liquidation.

3 Payments

The payments shown are largely self-explanatory, although we could comment specifically on the following:

Legal Fees

As previously reported SPB's legal fees amounting to £66,000 have accrued during the Administration, with £10,329 of the aforementioned amount relating to work undertaken prior to our appointment with a view to putting the Trust into Administration and assisting the proposed Administrators. During the period £66,328 was retained by SPB in

relation to their accrued fees and disbursements following the sale of the Property. We would advise that this includes the pre appointment element of the legal fees which is being held by SPB pending approval.

The requisite approval in this respect will be sought from creditors under separate cover.

Property Costs

Costs relating to the Property including, insurance and utilities will have accrued until the sale of the Property on 2 April 2015. Final bills are currently being received in this respect and will be paid during the course of the Liquidation.

Agents' Fees

MGR have been paid £5,000 plus VAT in relation to services they have provided and have accrued costs of £450 plus VAT which will be paid during the course of the Liquidation. Colliers have, following the sale of the Property submitted, an invoice in relation to their fees and disbursements totalling £8,388. This will be discharged during the Liquidation.

4 Investigations

As Joint Administrators, we have a statutory duty to undertake an investigation into the financial affairs of the Trust and the conduct of any person we believe to have been a director/trustee, shadow director of the Trust in the three years prior to the commencement of the Administration. We have the powers to investigate various matters, including antecedent transactions, which could result in a return for the benefit of creditors.

We can confirm that our enquiries have not identified any matters which we consider could lead to recoveries for creditors and, therefore, warranted any further action or investigation.

We have also reported to the Department for Business, Innovation and Skills on the conduct of the Trustees of the Trust. Please note that this report is confidential.

Creditors are invited to advise us of any matters relating to the Trust's affairs which they have not already brought to our attention.

5 Extension of Administration

As the sale of the Property was not likely to complete prior to the 5 November 2014, being the date on which our appointment would automatically terminate, an extension to the Administration was sought and approved by the creditors extending the Administration to 5 May 2015.

6 Achieving the purpose of the Administration

Pursuant to Paragraph 3(1) of Schedule B1 of the Act, we are required to perform our functions with the objective of

- a) rescuing the Company as a going concern, or

- b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
- c) realising property in order to make a distribution to one or more secured or preferential creditors

The first statutory objective, 3(1)(a) of Schedule B1 of the Act, cannot be achieved as the level of creditors liabilities has meant that it is not possible to rescue the Trust as a going concern

Upon our appointment, some of the Trust's staff were retained with a view to continuance and/or completion of some or all of the Trust's on-going projects. This was likely to be a benefit to the Trust's creditors as the re-assignment of projects to any prospective buyers or likeminded organisations would protect the amounts due to the Trust by way of invoiced debts or work in progress. Unfortunately, due to the uncertainty associated with the re-assignment or transfer of certain projects, we were unable to complete on the sale of the business to Caerphilly, being the only interested party. As a result of this, there was no other option than ceasing to trade.

As a consequence the second statutory objective, 3(1)(b) of Schedule B1 of the Act of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), has not been achieved.

We consider that the third statutory objective, 3(1)(c) of Schedule B1 of the Act, has been achieved in that property has been realised in order to make a distribution to one or more secured or preferential creditors. For the avoidance of doubt, had The Co-op's legal charge been registered with the Registrar of Companies, there would have been a distribution to the secured creditor

7 Future of the Administration

In accordance with the Joint Administrators' Proposals, the Trust has exited the Administration by way of Creditors Voluntary Liquidation in order to realise the remaining tooling and make a distribution to the preferential and unsecured creditors.

Simon Girling and I were appointed Joint Liquidators of the Trust on 21 April 2015 following Form 2.34B, to move the Trust from Administration to Liquidation, being filed at Companies House

8 Outstanding Assets

The only assets that remain to be realised are the tools which were required by the caretaker to maintain the Property prior to the sale and a possible claim for VAT Bad Debt Relief.

9 Prospects for creditors

Secured Creditors

As discussed above in Section 2, according to office copy entries obtained from the Land Registry, the Property was the subject of a legal charge in favour of the Co-op

However, the legal charge had not been registered with the Registrar of Companies. Our legal advisors, Messrs Squire Patton Boggs advised on the validity of the security charged against the Property by the Co-op.

As the Legal Charge had not been registered at Companies House, under Section 874 of the Companies Act 2006 it is void (so far as any security on the Company's property or undertaking is conferred by it) against an Administrator and any creditor of the Company. Irrespective of the terms of the charge, when a charge becomes void under Section 874, the money secured by it becomes immediately due and payable but only as an unsecured debt. Thus, Co-op is an unsecured creditor and its claim against the Trust will be an unsecured claim.

We can confirm that to enable the sale of the Property to proceed, the Co-op released their charge registered at the Land Registry and the Property was accordingly sold free of the charge.

Preferential Creditors

As discussed earlier in this report, the Trust's employees have all been made redundant. The Trust's employees have the following estimated preferential claims against the Trust:

	£
Employees	7,833
Redundancy Payments Office	26,459
Pension Contributions	2,000
Total	36,292

Based on current information, there will be funds available to enable a repayment in full to those employee claims which rank as preferential.

Prescribed Part

Under Section 176A of the Act where after 15 September 2003 a company has granted to a creditor a floating charge a proportion of the net property of the company must be made available purely for the unsecured creditors.

The Trust has not granted a floating charge to any creditor after the 15 September 2003 as a consequence there was no prescribed part in this Administration.

Unsecured Non-Preferential Creditors

Based on a combination of the claims received from creditors and the amounts shown as being due in the Trust's books and records, the Trust would appear to have the following unsecured non-preferential claims.

	£
Trade & Expense Creditors	175,525
H M Revenue & Customs - PAYE/NI	19,043
H M Revenue & Customs - VAT	3,096
Employee Claims	238,480
Groundwork UK	35,800
The Co-operative Bank	270,000
Total	741,944

Based on current information, there will be a return to unsecured creditors of the Trust.

10 Statutory Information

The Joint Administrators were Ian James Gould and Simon Edward Jex Girling of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD and they were appointed in respect of the Trust on 6 November 2013. Under the provisions of paragraph 100(2) of Schedule B1 of the Act, the Administrators carry out their functions jointly and severally

The Administrators were appointed by the Trust's Trustees, pursuant to Paragraph 22 of Schedule B1 of the Act. The Administration proceedings are dealt with in the Birmingham District Registry and the court case number is 8579 of 2013

The Trust's registered office is situated at BDO LLP, 125 Colmore Row, Birmingham, B3 3SD and the registered number is 02087537.

11 EC Regulations on Insolvency Proceedings

We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to this Administration. In this particular case the EC Regulation will apply in respect of this Administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation.

12 Pre Appointment Fees

Our time costs from 24 October 2013 up to the date of our appointment on 6 November 2013 amount to £22,196 which represents 64 hours at an average hourly rate of £346.

The payment of unpaid pre-administration fees of £6,000, as an expense of the Administration (as opposed to the value of our time costs), were approved by creditors at the meeting of creditors held on 13 January 2014.

To date these pre-appointment fees have not been drawn during the period of this report. We intend to draw our agreed fee of £6,000 during the course of the Liquidation. The remainder of our pre-appointment time costs will be written off

13 Administrators' Remuneration

At the creditors meeting held on 13 January 2014, creditors approved that the Joint Administrators' should be remunerated on a time costs basis by reference to BDO LLP's normal rates for the time spent by us and our staff in attending to matters arising in the Administration

We can confirm that post appointment time costs incurred from the date of Administration to 21 April 2015 amount to £123,349 which represents 697 hours at an average hourly rate of £177. A detailed analysis of the time costs incurred in this respect is enclosed.

We can confirm that post appointment time costs incurred from the date of our last report to 21 April 2015 amounts to £6,791 which represents 44 hours at an average hourly rate of £154. A detailed analysis of the time costs incurred in this respect is enclosed.

We would advise that no fees have been drawn in respect of these time costs during the period of the Administration.

Administrators' remuneration will be drawn during the course of the Liquidation.

Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. All payments made in respect of category 1 disbursements are detailed on the attached receipts and payments account.

At 23 March 2015, the sum of £11,870 of category 1 disbursements, comprising of £160 in respect of statutory bonding, £2,415 in respect of site security, £615 in relation to media assistance, £207 in relation to postage, £600 in relation to legal fees and £6,311 in relation to employee costs, have been paid by BDO LLP. These disbursements will be recharged to the estate during the course of the Liquidation.

Some Administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements.

For the avoidance of doubt, we do not propose to charge internal disbursements, known as category 2 disbursements to the Administration estate.

14 Creditors' Rights

We provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit

14 May 2015

<https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

Yours faithfully
for and on behalf of
Merthyr and Rhondda Cynon Taff Groundwork Trust



I J Gould
Joint Liquidator
Former Joint Administrator

MERTHYR AND RHONDDA CYNON TAFF GROUNDWORK TRUST ("THE TRUST")
IAN GOULD AND SIMON GIRLING OF BDO LLP WERE APPOINTED JOINT ADMINISTRATORS OF THE TRUST ON 6 NOVEMBER 2013 AND AS SUCH THE AFFAIRS, BUSINESS & PROPERTY OF THE TRUST WAS BEING MANAGED BY THEM. PARTNERS AND STAFF OF BDO LLP ACTING AS ADMINISTRATORS CONTRACT WITHOUT PERSONAL LIABILITY

I Gould is authorised by the Institute of Chartered Accountants in England & Wales in the UK to act as an Insolvency Practitioner S Girling is authorised by the Insolvency Practitioners Association in the UK to act as an Insolvency Practitioner

Enc

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either—
- (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—
- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
- and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that—
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
 - (c) expenses incurred by the administrator,is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued).-

Rule 2.109 (continued)

- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders—
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,
and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

Name of Company Merthyr And Rhondda Cynon Taff Groundwork Trust	Company number 2087537
In the The High Court of Justice, Chancery Division, Birmingham District Registry <div style="text-align: right;">[full name of court]</div>	Court case number 8579 of 2013

(a) Insert name(s) and address(es) of administrator(s) We (a) Ian James Gould and Simon Edward Jex Girling of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

(b) Insert name and address of registered office of company having been appointed Joint Administrators of (b) Merthyr And Rhondda Cynon Taff Groundwork Trust, BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

(c) Insert date of appointment On (c) 6 November 2013 by (d) the Trustees


(d) Insert name of applicant / appointor

(e) Insert name(s) and address(es) of liquidator(s) the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that (e) Ian James Gould and Simon Edward Jex Girling of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

will be the Joint Liquidators of the company (IP Nos 7866 and 9283 respectively)

hereby give notice that:

Signed


 Joint Administrator

Dated

7-4-15

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

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD	
Our Ref 021228/KER/C15/C15	Tel
DX Number	DX Exchange

Completed and signed this form please send it to the Registrar of Companies at.

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

SATURDAY

A28

A47JJUWH
16/05/2015
COMPANIES HOUSE

#87

The Insolvency Act 1986

Administrator's progress report

Name of Company

Merthyr And Rhondda Cynon Taff Groundwork
Trust

Company number

2087537

In the
The High Court of Justice, Chancery Division
Birmingham District Registry

[full name of court]

Court case number

8579 of 2013

(a) Insert full name(s) and
address(es) of administrator(s)~~I/~~We (a) Ian James Gould and Simon Edward Jex Girling of BDO LLP, 125 Colmore
Row, Birmingham, B3 3SD

Joint Administrators of the above Company attach a progress report for the period

(b) Insert date

from

(b)
24 March 2015

to

(b)
21 April 2015

Signed


Joint Administrators

Dated

14/5/15

Merthyr And Rhondda Cynon Taff Groundwork Trust
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 24/03/2015 To 21/04/2015	From 06/11/2013 To 21/04/2015
500,000.00	FIXED CHARGE ASSETS		
	Freehold Land & Property	NIL	NIL
		NIL	NIL
(192,000.00)	FIXED CHARGE CREDITORS		
	The Co-operative Bank Plc	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Freehold Land & Property	375,000.00	375,000.00
16,500.00	Furniture & Equipment	NIL	11,000.00
18,500.00	Motor Vehicles	NIL	22,599.00
112,504.00	Book Debts	NIL	26,038.05
	Insurance Refund	NIL	764.80
40,000.00	Cash at Bank	NIL	NIL
	Rent	NIL	10,824.52
	PayPal Account	NIL	88.28
	Bank Interest Gross	NIL	1.63
	Bank Interest Net of Tax	0.50	13.33
	Western Power Distribution Rent	NIL	122.62
	Licence To Occupy - GWK Caerphilly	NIL	500.00
		375,000.50	446,952.23
	COST OF REALISATIONS		
	Site Security	NIL	2,537.66
	Release of Charge Costs	2,000.00	2,000.00
	Payroll Fees	NIL	1,560.00
	Management Assistance	NIL	9,295.46
	Agents/Valuers Fees (1)	NIL	5,000.00
	Legal Fees (1)	66,328.10	67,122.10
	VAT	400.00	400.00
	Council Tax - The Lodge	112.63	783.34
	Property Maintenance	NIL	132.50
	Stationery & Postage	NIL	201.09
	Utility Bills	NIL	2,709.03
	Storage Costs	NIL	9,510.54
	Statutory Advertising	NIL	161.30
	Other Property Expenses	NIL	1,190.00
	Insurance of Assets	432.67	499.98
	Wages & Salaries	NIL	29,933.06
	Bank Charges	NIL	29.06
		(69,273.40)	(133,065.12)
(212,000.00)	PREFERENTIAL CREDITORS		
		NIL	NIL
		NIL	NIL
(158,640.00)	UNSECURED CREDITORS		
	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
124,864.00		305,727.10	313,887.11

REPRESENTED BY

Trade Debtors	120.00
Vat Input	13,216.42
Bank 1 Current	568 36
Bank 2 Current	296,659.09
Trade Creditors	3,230.00
Vat Control Account	93 24
	<hr/>
	313,887.11
	<hr/>

Merthyr And Rhondda Cynon Taff Groundwork Trust Formerly In Administration now In Creditors Voluntary Liquidation

Summary of time charged and rates applicable for the period from 6 November 2013 to 21 April 2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		TOTAL		AVERAGE HOURLY RATE £ PH
	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	£ PH
A. Pre appointment matters															
B. Steps on appointment			21.75	3,008.30									21.75	3,008.30	138.31
C. Planning and Strategy			3.00	696.60									7.20	1,904.20	264.47
01 Insurance matters	0.10	15.50	1.70	252.40	1.90	347.70			4.20	1,207.60			7.30	1,172.50	156.33
02 VAT					0.70	123.70			2.85	476.60			3.90	660.50	169.36
03 Taxation											0.35	60.20			
04 Instruct/Use solicitors	1.20	354.00			3.60	658.80	1.00	461.00	5.40	1,346.50	0.70	206.50	11.90	3,026.80	254.35
05 Investigations			0.30	41.40					1.10	151.80	0.75	58.50	2.15	251.70	117.07
06 Conduct reports					5.10	703.80			1.30	101.40			6.40	805.20	125.81
07 Receipts and payments account	0.20	46.00	14.15	2,525.85	13.45	1,957.30	7.00	755.50	18.00	2,712.10	7.20	710.95	60.00	8,707.70	145.13
08 Remuneration issues											0.50	115.00	0.50	115.00	230.00
09 Statutory matters	4.00	1,180.00	7.05	1,298.85	3.20	585.60			24.90	5,657.10	8.30	1,822.20	47.45	10,553.75	222.42
10 Contractual matters															
11 Court hearings															
12 Press/PR matters			1.10	324.50									1.10	324.50	295.00
13 General meetings															
14 General discussions			0.10	13.80	0.20	92.20			0.40	55.20	0.20	92.20	0.90	253.40	281.56
15 General administration/correspondence	3.60	531.40	4.30	593.40	7.80	1,135.65	0.45	136.85	28.20	4,212.90	7.60	1,179.10	51.95	7,789.30	149.94
16 Maintain internal files					3.70	677.10					1.40	256.20	5.10	933.30	183.00
99 Other matters									4.80	694.70	0.10	46.10	4.90	740.80	151.18
D. General administration	9.10	2,126.90	28.70	5,050.40	39.65	6,281.85	8.45	1,353.35	90.75	15,965.00	27.10	4,556.95	203.75	35,334.45	173.42
01 Establishing control															
02 Evaluation/reconciliation															
03 Asset tracing															
04 Agent instruction/leasing	0.20	36.60			0.25	115.25			0.80	236.00	0.20	36.60	1.20	309.20	257.67
05 Sales information preparation			6.95	1,410.35	10.45	1,992.35			1.60	220.80			1.85	336.05	181.65
06 Property related matters	16.90	3,195.50	7.15	1,614.70					77.95	13,430.30	18.25	3,571.90	130.50	23,600.40	180.85
07 Debt collection			3.40	626.20					20.10	3,222.60	0.20	27.60	27.45	4,864.90	177.23
08 Dealing with chattel assets									13.15	1,869.65	0.50	69.00	17.05	2,564.85	150.43
09 Dealing with other assets									4.40	625.20	0.25	115.25	4.65	740.45	159.24
10 HP/Leasing matters									4.50	621.00			4.50	621.00	118.00
11 Disclaiming assets															
12 Retention of title															
13 Environmental issues															
14 Sale of business/assets	1.20	354.00	3.80	712.80	0.20	15.60			4.30	1,365.00	0.45	35.10	9.95	2,482.50	249.50
99 Other matters			21.30	4,364.05	10.90	2,123.20			0.80	368.80	0.90	124.20	1.70	493.00	290.00
E. Asset and realisations/dealing	18.30	3,586.10							127.60	21,939.35	20.75	3,979.65	198.85	36,012.35	181.10
F. Trading related matters	4.50	621.00							16.20	4,496.60			20.70	5,117.60	247.23
01 Dealing with trade unions															
02 Dealing with employees	3.90	1,056.30	11.80	2,234.20	0.70	132.80			35.35	7,137.25	1.30	179.40	53.05	10,739.95	202.45
03 EPA matters	1.10	176.10	9.90	1,223.70	9.20	1,138.00			39.25	7,116.65	1.15	189.45	60.60	9,843.90	162.44
04 Pension issues			0.45	89.70	0.20	27.60			1.30	179.40			1.50	207.00	138.00
99 Other matters	0.20	27.60	22.35	3,947.60	0.50	165.90			8.05	1,316.15	2.45	368.85	9.40	1,599.35	170.14
G. Employee matters	5.20	1,260.00			10.60	1,464.30			83.95	15,749.45			124.55	22,390.20	179.77
H. Creditor claims	3.30	787.60	6.80	1,147.50	0.60	133.60			34.15	5,205.50	1.15	154.80	46.00	7,424.00	161.39
I. Reporting	2.70	283.80	8.35	1,111.30					50.50	7,172.00	0.75	221.25	62.30	8,788.35	141.07
J. Distribution and closure															
K. Other work					4.00	1,180.00			7.00	2,065.00	0.90	124.20	11.90	3,369.20	283.13
TOTAL	43.10	8,645.40	112.25	18,920.75	65.75	11,182.95	8.45	1,353.35	414.35	73,820.30	53.10	9,405.70	697.00	123,348.65	176.97

Martbyr And Rhondda Cynon Taf Groundwork Trust Formerly In Administration now In Creditors Voluntary Liquidation

Summary of time charged and rates applicable for the period from 24 March 2015 to 21 April 2015

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		TOTAL		AVERAGE HOURLY RATE £ /PH
	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	
A. Pre appointment matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Steps on appointment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Planning and Strategy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D. General administration	0 20	46 00	7 10	1,274 25	12 30	2,125 70	1 25	477 00	-	-	10 05	1,491 10	30 90	5,414 05	175 21
E. Asset and realisations/dealing	-	-	-	-	0 20	15 60	-	-	-	-	1 35	201 05	1 55	216 65	139 77
F. Trading related matters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G. Employee matters	0 30	29 70	0 90	89 10	0 30	60 90	-	-	-	-	-	-	1 50	179 70	119 80
H. Creditor claims	-	-	-	-	-	-	-	-	8 05	627 90	0 85	66 30	8 90	694 20	78 00
I. Reporting	-	-	0 45	65 50	-	-	-	-	-	-	0 75	221 25	1 20	286 75	238 96
J. Distribution and closure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K. Other work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	0 50	75 70	8 45	1,428 85	12 80	2,202 20	1 25	477 00	8 05	627 90	13 00	1,979 70	44 05	6,791 35	154 17



Merthyr And Rhondda Cynon Taff Groundwork Trust - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows. This in no way implies that staff at all such grades will work on the case.

GRADE £

Partner	461
Director	319
Senior Manager	295-271
Manager	230-183
Executive	172-125
Junior Executive	113-64
Support staff/Secretary	63

The rates charged by BDO LLP, 125 Colmore Row, Birmingham, B3 3SD are reviewed in December and July each year 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. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories -

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs

1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.



2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred

3) Category 2

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP, in respect of this appointment is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP
14 May 2015

1 Introduction

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed:

- as a percentage of the value of the property which the administrator has to deal with,
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, 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 administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

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

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be

fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of -

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors -
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5. Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator 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. Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When fixing bases of remuneration

7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case. 7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been subcontracted out that could otherwise be carried out by the administrator or his or her staff.

7.2 After the bases of remuneration have been fixed

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8.1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.3 Disbursements and other expenses

7.3.1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories

- Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff
- Category 2 disbursements: These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

7.3.2 The following are not permissible:

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

8 Progress reports and requests for further information

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (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 administrator during the period of the report, irrespective of whether payment was actually made during that period;
- the date of approval of any pre-administration costs and the amount approved;
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses.

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The administrator 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 administration or might be expected to lead to violence against any person, or
- the administrator 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 creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9. Provision of information - additional requirements

The administrator must provide certain information about time spent on a 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 administrator 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 administrator'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 administrator, and requests must be made within two years from vacation of office.

10 What if a creditor is dissatisfied?

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

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers

that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

12 Other matters relating to remuneration

12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

12.3 If a new administrator 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 administrator until a further determination, resolution or court order is made.

12.4 Where the basis of the remuneration is a set amount, and the administrator 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 administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13. Effective date

This guide applies where a company enters administration on or after 1 November 2011.

Appendix**Suggested format for the provision of information**

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are

- the complexity of the case;
- any exceptional responsibility falling on the administrator;
- the administrator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known);
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers;
- any significant aspects of the case, particularly those that affect the remuneration and cost expended;
- the reasons for subsequent changes in strategy;
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing;
- any existing agreement about remuneration;
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees;
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed;
- details of work undertaken during the period;
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include.
 - details of work undertaken during the period, related to the table of time spent for the period;
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used;
 - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply.

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case;
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features);
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted.