

LIQ13

Notice of final account prior to dissolution in MVL



Companies House

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

1 Company details

Company number 0 2 5 3 1 3 1 2

Company name in full Beeches Two Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Steve

Surname Markey

3 Liquidator's address

Building name/number Leonard Curtis

Street Leonard Curtis House

Elms Square, Bury New Road

Post town Whitefield

County/Region Greater Manchester

Postcode M 4 5 7 T A

Country

4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ13

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6 Final account

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

7 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 1 ^d 6

^m 1 ^m 1

^y 2 ^y 0 ^y 2 ^y 3

LIQ13

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Grace Cabangal
Company name	Leonard Curtis
Address	Leonard Curtis House Elms Square, Bury New Road Whitefield
Post town	Greater Manchester
County/Region	
Postcode	M 4 5 7 T A
Country	
DX	
Telephone	0161 413 0930



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ The company name and number match the information held on the public Register.
- ☒ You have attached the required documents.
- ☒ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Beeches Two Limited
(In Members' Voluntary Liquidation)

Company Number: 02531312

Former Registered Office and Trading Address:

Whittington Hall, Whittington Road, Worcester, Worcestershire WR5 2ZX

Liquidator's Final Account
pursuant to Section 94(1) of the Insolvency Act 1986 (as amended)
and Rule 18.14 of the Insolvency (England and Wales) Rules 2016

16 November 2023

Leonard Curtis
Leonard Curtis House, Elms Square, Bury New Road, Whitefield
Greater Manchester M45 7TA
Tel: 0161 413 0930 Fax: 0161 413 0931
recovery@leonardcurtis.co.uk
Ref: K/40/SNA/BB34D/1010

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- C Leonard Curtis Policy Regarding Fees, Expenses and Disbursements
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TO ALL MEMBERS AND THE REGISTRAR OF COMPANIES

1 INTRODUCTION

- 1.1 Steve Markey and Paul Masters were appointed Joint Liquidators of Beeches Two Limited (“the Company”) by the members on 19 September 2019.
- 1.2 On 21 June 2021, Paul Masters resigned as Liquidator of the Company. Paul Masters employment with Leonard Curtis ceased at the end of November 2021 and it was of the opinion of the Joint Liquidators that it was no longer expedient that there should continue to be two Liquidators; therefore, no replacement for Paul Masters was sought. Steve Markey continued to act as sole Liquidator in this case.
- 1.3 Steve Markey is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 14912.
- 1.4 The Liquidation is now, for practical purposes, complete and this is the Liquidator’s Final Account as required by Section 94(1) of the Insolvency Act 1986 (as amended) and Rule 18.14 of the Insolvency (England and Wales) Rules 2016 (“the Rules”). It shows how the Liquidation has been conducted and the Company’s property disposed of, the outcome for members and other information that the Liquidator is required to disclose.
- 1.5 All figures are stated net of VAT.

2 CONDUCT OF THE LIQUIDATION

- 2.1 The Company’s registered office was changed to Leonard Curtis House, Elms Square, Bury New Road, Whitefield, Greater Manchester M45 7TA on 9 October 2019.

Assets Realised

Cash at Bank

- 2.2 The cash at bank had an estimated to realise value of £874,091, as per the declaration of solvency. Due to pre-Liquidation transactions being taken from the account, £873,610 has been received.

Investments

- 2.3 The Company’s investments had an estimated to realise value of £301,838, as per the declaration of solvency. The investments were related to the shareholding in Beeches Two (Rugby) Limited, an associated company by way of common control, which is also in Liquidation. £298,166 has been received.

Property 1

- 2.4 The Company received £131,000 in respect of a sale of a property that had already been agreed between the Company and the purchaser, prior to the appointment of the Liquidator. The Liquidator assisted by executing the property transfer form following his appointment. The Liquidator did not instruct any independent valuations of the property.

Property 2

- 2.5 Following the Liquidation, it was brought to the attention of the Liquidator’s that the Company owned a small piece of land. The Liquidator received an offer of £500. Independent valuation agents, Fraser Commercial, advised that this offer exceeded likely realisations that could have been received from any other method of sale and recommended that the offer be accepted. The transfer of the property was completed on 28 January 2022 and £500 has been received.

Parcel of Land

- 2.6 Following the Liquidation, the existence of a parcel of land became known to the Liquidator, which comprised of a private road. A valuation of the land was obtained from Sellers Chartered Surveyors ("Sellers"), an independent agent, on 15 May 2020 which valued the land at nil. Despite the valuation, an offer was received from the purchaser of the property in the sum of £450 which was subsequently accepted and received during June 2020. The parcel of land would have no value to anyone other than the purchaser of the property. £450 has been received.

Bank Interest

- 2.7 Bank interest of £383 has been received.

Unrealisable Assets

- 2.8 The following assets proved unrealisable:

Description	£
VAT Refund	2,043
	<u>2,043</u>

VAT Refund

- 2.9 The company had a VAT refund due which had an estimated to realise value of £2,043, as per the declaration of solvency. After liaising with HMRC it was confirmed that the refund was paid into the pre-Liquidation bank account prior to Liquidator's appointment. The refund is included in the cash at bank figure detailed at paragraph 2.2.

3 RECEIPTS AND PAYMENTS ACCOUNT

- 3.1 Attached at Appendix A is a summary of the Liquidator's receipts and payments for the whole of the Liquidation period to date, including details of all receipts and payments from 19 September 2022 to 16 November 2023.

4 PAYMENTS TO CREDITORS

- 4.1 As detailed in the declaration of solvency, liabilities were estimated to total £301,838.
- 4.2 A first and final dividend was declared on 6 December 2019.
- 4.3 One creditor claim totalling £301,838 was paid in full on 6 December 2019, as the liability related to inter-company accounts, the associated company waived their right to claim statutory interest on the sum due.

5 DISTRIBUTIONS TO MEMBERS

- 5.1 The Company's share capital consists of 1,307,165 ordinary £0.60 shares and 705,865 £1 preference shares and distributions to the preference members have been declared as follows:

Date	Distribution	Type	£	£ / Share
13 December 2019	First Interim	Cash	750,000.00	1.06
19 June 2020	Second Interim	Cash	205,276.70	0.29
6 March 2023	Third and Final	Cash	33,998.58	0.05
			<u>989,275.28</u>	<u>1.40</u>

6 LIQUIDATOR’S REMUNERATION, EXPENSES AND DISBURSEMENTS, AND MEMBERS’ RIGHTS

Remuneration

6.1 On 19 September 2019, the members resolved that the Liquidator’s remuneration be payable as a set amount of £6,500.

6.2 The Liquidator’s agreed fee of £6,500 has been paid.

Expenses and Disbursements

6.3 A summary of the Liquidator’s expenses from 19 September 2019 to 16 November 2023 is attached at Appendix B. To assist members’ understanding of this information, it has been separated into the following two categories:

- **Standard Expenses:** this category includes expenses payable by virtue of the nature of the Liquidation process and / or payable in order to comply with legal or regulatory requirements.
- **Case Specific Expenses:** this category includes expenses likely to be payable by the Liquidator in carrying out his duties in dealing with issues arising in this particular Liquidation. Included within this category are costs that are directly referable to the Liquidation but are not paid to an independent third party (and which may include an element of allocated costs). These are known as ‘category 2 disbursements’ and they may not be drawn without creditor approval.

6.4 Authority to take category 2 disbursements was approved by members on 19 September 2019.

6.5 Attached at Appendix C is additional information in relation to the firm’s policy on staffing, the use of subcontractors, disbursements and details of current charge-out rates by staff grade. Please be aware that the firm’s charge out rates have been amended with effect from 1 March 2021.

6.6 During the Liquidation, the following professional advisors (“PA”) and / or subcontractors (“S”) have been instructed:

Name of Professional Advisor	PA / S	Service Provided	Basis of Fees
Sellers	PA	Property Valuation Services	Fixed Fee - £350
BSN Associates Limited (“BSN”)	PA	Tax advice	Fixed Fee - £500
FBC Manby Bowdler (“FBC”)	PA	Legal Services	Fixed Fee - £965
Eddisons Insurance Services Ltd (“Eddisons”)	PA	Insurance of the freehold property	Fixed Fee – £279
Cerberus Asset Management (“CAM”)	S	Property Valuation Services	Fixed Fee - £550

6.7 You will note that the costs incurred in respect of the services provided are in line with those originally anticipated.

Sellers

6.8 Sellers are RICS qualified valuation agents and were instructed to complete a valuation of the Company’s assets. The Liquidator is not qualified to undertake this work and the instruction provided to Sellers ensured that the realisation of the assets of the Company were maximised for the benefit of the creditors of the estate. The Liquidator believes that the fixed fee of £350 is fair and reasonable for the work undertaken by Sellers.

BSN

- 6.9 BSN are the Company’s former accountants and were instructed to assist with the Company’s pre-Liquidation accounting requirements, including the preparation and submission of the Company’s tax returns. The Liquidator believes that the fixed fee of £500 is fair and reasonable for the work that BSN undertook.

FBC

- 6.10 FBC, a firm of solicitors, were instructed to assist with the legal transfer of the property sales . FBC had been instructed prior to the Company entering into Liquidation and therefore were familiar with the Company and the asset sale. As such, the Liquidator retained the services of FBC. The Liquidator believes that the fixed fee of £965 is fair and reasonable for the work that FBC undertook.

Eddisons

- 6.11 Eddisons are specialist insurance providers and were instructed to provide open cover insurance over the Company’s assets, for the benefit of the Company’s creditors. The Liquidator believes that the fixed fee of £279 is fair and reasonable for the work that was undertaken by Eddisons.

CAM

- 6.12 CAM are RICS qualified valuation agents and were instructed to complete a valuation of the Company’s assets. The Liquidator is not qualified to undertake this work and the instruction provided to CAM ensured that the realisation of the assets of the Company were maximised for the benefit of the creditors of the estate. The Liquidator believes that the fixed fee of £550 is fair and reasonable for the work undertaken by CAM.

- 6.13 Further guidance may be found in “A Guide to Liquidators’ Fees” which is attached at Appendix D.

Members’ Rights

- 6.14 Information concerning the rights of members under Rules 18.9 and 18.34 of the Rules was provided to members within the Notice of Proposed Final Account dated 14 September 2023.

7 OTHER MATTERS

Data Protection

- 7.1 When submitting details of your claim in the Liquidation, you may disclose personal data to the Liquidator. The processing of personal data is regulated in the UK by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. The Liquidator acts as Data Controller in respect of personal data obtained in relation to this Liquidation and is therefore responsible for complying with Data Protection Law in respect of any personal data processed. The Liquidator’s privacy notice, which is attached at Appendix E, explains how your personal data is processed. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

- 7.2 The Liquidator is bound by the Insolvency Code of Ethics, which can be found at:

<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

Yours faithfully



STEVE MARKEY
LIQUIDATOR

Steve Markey is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 14912

FINAL ACCOUNT OF **LIQUIDATOR'S** RECEIPTS AND PAYMENTS
FROM 19 SEPTEMBER 2019 TO 16 NOVEMBER 2023

	Estimated to Realise	As at 18 September 2022	Movements During the Period	As at 16 November 2023
	£	£	£	£
RECEIPTS				
Cash at Bank	874,091	873,609.67	-	873,609.67
Investments/Shares	301,838	298,166.18	-	298,166.18
VAT Refunds	2,043	-	-	-
	1,177,972	1,171,775.85	-	1,171,775.85
Property 1		131,000.00	-	131,000.00
Property 2		500.00	-	500.00
Sundry Receipts		450.00	-	450.00
Bank Interest		383.28	-	383.28
		1,304,109.13	-	1,304,109.13
PAYMENTS				
Liquidator's Remuneration		6,500.00	-	6,500.00
Accountancy Fee		850.00	-	850.00
Statutory Interest		-	-	-
AML Checks		-	-	-
Software Licence Fee		87.00	-	87.00
Bond Fee		375.00	-	375.00
Irrecoverable VAT		-	31.90	31.90
Corporation Tax		72.82	-	72.82
Statutory Advertising		257.85	-	257.85
Bank Charge		15.00	0.90	15.90
Postage Fees		125.17	159.49	284.66
Asset Valuation		550.00	-	550.00
Legal Fees		965.00	-	965.00
Insurance		279.30	-	279.30
Unclaimed Dividends		431.31	2,269.36	2,700.67
Insolvency Service Fee		25.75	-	25.75
TOTAL COSTS AND CHARGES PAID		10,534.20	2,461.65	12,995.85
DISTRIBUTIONS				
Unsecured Creditor 1- 100p/£		301,838.00	-	301,838.00
First Interim - £1.06/Share		750,000.00	-	750,000.00
Second Interim - £0.29/Share		205,276.70	-	205,276.70
Third and Final - £0.05/Share		-	33,998.58	33,998.58
		1,257,114.70	33,998.58	1,291,113.28
BALANCE		36,460.23	(36,460.23)	-

SUMMARY OF **LIQUIDATOR'S** EXPENSES FROM 19 SEPTEMBER 2019 TO 16 NOVEMBER 2023

Standard Expenses

Type	Charged by	Description	Total Amount Incurred to Date £	Amount Incurred In The Period £	Amount Paid £	Amount Unpaid £
Bond Fee	AUA Insolvency Risk	Insurance bond	375.00	-	375.00	-
Software Licence Fee	Pelstar	Case management system licence fee	87.00	-	87.00	-
Statutory Advertising	Courts Advertising	Advertising	257.85	-	257.85	-
		Total standard expenses	719.85	-	719.85	-

Case Specific Expenses

Type	Charged by	Description	Total Amount Incurred to Date £	Amount Incurred In The Period £	Amount Paid £	Amount Unpaid £
Professional Fees	Sellers	Land Inspection and advise	350.00	-	350.00	-
Accountancy Fee	BSM	Tax Advice	500.00		500.00	
Corporation Tax	HMRC	Corporation Tax on Bank Interest	72.82	-	72.82	-
Irrecoverable VAT	Leonard Curtis	Irrecoverable VAT	31.90	31.90	31.90	-
Postage Fees	Postworks	Cost of posting mail	291.20	159.49	284.66	6.54
Bank Charge	Royal Bank of Scotland	CHAPs Fee	15.90	0.90	15.90	-
Professional Fees	CAM	Asset valuation advice	550.00	-	550.00	-
Legal Fees	FBC	Costs of appointed solicitors	965.00	-	965.00	-
Insurance	Eddisons	Insurance of the freehold property	279.30	-	279.30	-
Unclaimed Dividends	The Insolvency Service	Unclaimed dividends	2,700.67	2,269.36	2,700.67	-
Insolvency Service Fee	The Insolvency Service	Insolvency service fee	25.75	-	25.75	-
		Total case specific expenses	5,782.54	2,461.65	5,776.00	6.54

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by the appropriate body of creditors that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to request and obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rates given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	6 Jan 2014 onwards		1 Aug 2019 onwards		1 March 2021 onwards	
	Standard £	Complex £	Standard £	Complex £	Standard £	Complex £
Director	450	562	525	656	550	688
Senior Manager	410	512	445	556	465	581
Manager 1	365	456	395	494	415	518
Manager 2	320	400	345	431	365	456
Administrator 1	260	325	280	350	295	369
Administrator 2	230	287	250	313	265	331
Administrator 3	210	262	230	288	245	306
Administrator 4	150	187	165	206	175	219
Support	0	0	0	0	0	0

In respect of assignments pre-dating 1 March 2022, office holders' remuneration may include costs incurred by the firm's in-house legal team, which may be used for non-contentious matters pertaining to the insolvency appointment.

Use of Associates

We are required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to Associates of Leonard Curtis (LC). The term "Associate" is defined in s435 of the Insolvency Act 1986, but we are also required to consider the substance or likely perception of any association between the appointed insolvency practitioner, their firm (LC) or an individual within the firm and the recipient of a payment. Payments to Associates are subject to the same level of approval as the office holder's fees and category 2 expenses (see table on the next page for further details).

Leonard Curtis Legal Limited (LC Legal) are part of the Leonard Curtis group; as such they are an "Associate" of LC. Where LC Legal are instructed to assist an office-holder in a particular matter from 1 March 2022 onwards, details of their proposed costs will be provided to creditors and specific approval for payments to associates will be sought.

Additionally, Pelstar Limited (Pelstar) provides insolvency case management software and document hosting facilities to LC. Until 31 December 2022, LC employed an individual who is married to a director of Pelstar, and as such, whilst not meeting the legal definition of "Associate", we were aware that there was a perceived association between LC and Pelstar and specific approval of their costs were sought accordingly. As this individual is no longer employed by LC, this is no longer required and Pelstar costs invoiced with effect from 1 January 2023 will be paid without prior approval.

Use of Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Use of Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Categorisation of Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) **Standard Expenses** – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount																								
AML checks via Smartsearch	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per search. Note that with effect from 1 April 2021, these costs are no longer recovered from the estate.																								
Bond / Bordereau fee via AUA Insolvency Services	Insurance bond to protect the insolvent entity against any losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches via Companies House	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting via Pelstar Limited	Hosting of documents via a secure portal for access by creditors/shareholders. Costs are charged per upload plus VAT and are generally dependent upon the number of creditors. The costs are commensurate with those charged by other providers of comparable services.	<table> <tr> <th>Type</th><th>First 100</th><th>Each addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IYA</td><td colspan="2">£10 pa or £25 for life of case</td></tr> </table>	Type	First 100	Each addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IYA	£10 pa or £25 for life of case	
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IYA	£10 pa or £25 for life of case																									
Software Licence fee hosting via Pelstar Limited	Payable to software provider for use of case management system. The costs are commensurate with those charged by other providers of comparable services.	£87.00 plus VAT per case																								
Postage via Royal Mail or Postworks	Cost of posting documents which are directly attributable to a case to external recipients	Calculated in accordance with applicable supplier rates and dependent on the number of pages and whether the document is sent by international, first or second class post.																								
Post re-direction via Royal Mail	Redirection of post from Company's premises to office-holders' address	0-3 months £216.00 3-6 months £321.00 6-12 months £519.00																								
Statutory advertising via advertising agents	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£91.80 - £102.00 plus VAT per advert. Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

APPENDIX C (CONT’D)

- b) Case-specific expenses – this category includes expenses (other than office-holders’ fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include but may not be restricted to:

Type	Description	Amount
Agents’ fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions. Where the solicitor appointed is LC Legal, any fee payable for work completed is classed as a payment to an associate and requires specific creditor / committee approval as detailed above.	Time costs plus disbursements plus VAT
Other expenses	See Category 1 and 2 expenses notes below	See Category 1 and 2 expenses notes below

Please note that expenses are generally categorised as Category 1 or Category 2:

- a) Category 1 expenses: These are payments to independent third parties providing the service to which the expense relate. These may include, for example, advertising, external room hire, storage costs, postage costs, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 expenses may be paid without prior approval.
- b) Category 2 expenses: These are costs that are directly referable to the appointment in question, but not paid to an independent third party. They may include costs which have an element of shared cost. The following items of expenditure are recharged on this basis and are charged at HMRC approved rates:
- Business mileage : 45p per mile

Payments to Associates (as defined above) are categorised by LC in the same way as Category 2 expenses. Category 2 expenses and payments to Associates may only be drawn if they have been approved in the same manner as an office holder’s remuneration.

A GUIDE TO LIQUIDATORS’ FEES

1. Introduction

1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The members (shareholders), who hope to recover some of their investment, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as Liquidator.

1.2 The insolvency legislation recognises this interest by providing mechanisms for members to fix the basis of the Liquidator’s fees. This guide is intended to help members be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how members can seek information about expenses incurred by the Liquidator and challenge those they consider to be excessive.

2. Liquidation procedure

2.1 Liquidation (or ‘winding up’) is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company’s affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.

2.2 Voluntary liquidation is the more common of the two. A solvent voluntary liquidation is called a members’ voluntary liquidation (often abbreviated to ‘MVL’). In this type of liquidation an insolvency practitioner acts as Liquidator throughout and the members vote on the appointment of the Liquidator at a meeting of members or by passing written resolutions under the Companies Act 2006.

3. Fixing the Liquidator’s remuneration

3.1 The basis for fixing the Liquidator’s remuneration is set out in Rules 18.16, 18.17 and 18.19 of the Insolvency (England & Wales) Rules 2016. The Rules state that the remuneration shall be fixed:

- as a percentage of the value of the assets which are realised or distributed or both,
- by reference to the time properly given by the Liquidator and his staff in attending to matters arising in the liquidation, or
- as a set amount.

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

3.3 It is for the liquidation 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. 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 Liquidator in connection with the insolvency;
- the effectiveness with which the Liquidator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the assets which the Liquidator has to deal with.

3.4 If there is no liquidation committee, (which is usually the case in an MVL) or the committee does not make the requisite determination, the Liquidator’s remuneration will be fixed by a resolution of a meeting of members. The members take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the Liquidator is to be remunerated may be taken at the meeting which appoints the Liquidator.

4. Review of remuneration

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

5. What information should be provided by the Liquidator?

When fixing bases of remuneration

5.1 The Liquidator should provide those responsible for approving the basis of remuneration sufficient information to enable the committee or the members to make an informed judgement about the reasonableness of the Liquidator's request. The information should be presented in such a manner which is transparent, consistent throughout the life of the case, while being proportionate to the circumstances of the case.

Fees estimates where remuneration is based on time costs

5.2 If any part of the remuneration is sought on a time costs basis, the Liquidator should provide detailed information in the form of a written fees estimate which specifies:

- Details of the work the Liquidator and staff propose to undertake
- The hourly rates to be charged for each part of that work
- The time the Liquidator anticipates each part of the work will take

5.3 In addition, the Liquidator should provide an estimate of the expenses that will be or are likely to be incurred.

Other

General principles

5.4 When reporting, the Liquidator should disclose:

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

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

5.6 Where the proposed charge is calculated on a time costs basis, the Liquidator 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 Liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the Liquidator or his or her staff.

After the bases of remuneration have been fixed

5.7 The Liquidator is required to send progress reports to members at specified intervals (see paragraph 6.1 below). When reporting periodically to members, in addition to the matters specified in paragraph 6.1, the Liquidator 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.

5.8 Members should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the Liquidator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate).

5.9 Where any remuneration is on a time costs basis, the Liquidator 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 Liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the Liquidator or his or her staff.

5.10 Where a fees estimate has been provided, remuneration cannot be drawn in excess of the fees estimate without the approval of the Liquidation committee, (if there is one) or more likely, the members themselves. The Liquidator should state:

- Why the estimate has been, or is likely to be exceeded
- The additional work required to be undertaken
- The hourly rates proposed to be charged for each part of the additional work
- The time the additional work has taken or is anticipated it will take

Expenses

5.11 Costs met by and reimbursed to the Liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 expenses: These are costs where there is specific expenditure directly referable both to the liquidation 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 Liquidator or his or her staff.
- Category 2 expenses: These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

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

5.13 The following are not permissible:

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

Realisations for secured creditors

5.14 Where the Liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds, he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of members convened for the purpose of determining his fees, and in any reports he sends to members.

6. Progress reports and requests for further information

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

- details of the basis fixed for the remuneration of the Liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the Liquidator during the period of the report, irrespective of whether payment was actually made during that period;
- details of progress during the period of the report, including a summary of the receipts and payments during the period;
- details of what remains to be done;
- a statement of the members' rights to request further information, as explained in paragraph 6.2, and their right to challenge the Liquidator's remuneration and expenses.

6.2 Within 21 days of receipt of a progress report, a member may request the Liquidator to provide further information about the remuneration and expenses set out in the report. Any request must be in writing.

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

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the liquidation, or
- the Liquidator is subject to an obligation of confidentiality in relation to the information requested

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

7. What if a member is dissatisfied?

7.1 Except in cases where there is a liquidation committee, it is the members as a body who have authority to approve the Liquidator's fees. To enable them to carry out this function they may require the Liquidator to call a members' meeting. In order to do this at least ten per cent in value of the members must concur with the request, which must be made to the Liquidator in writing.

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

8. What if the Liquidator is dissatisfied?

8.1 If the Liquidator considers that the remuneration fixed by the liquidation committee, or by the members is insufficient, or that the basis used to fix it is inappropriate, the Liquidator may apply to the court for the amount or rate to be increased or the basis changed.

8.2 If the Liquidator decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the Liquidator's notice of his application must be sent to such of the shareholders 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 out of the assets.

9. Other matters relating to remuneration

9.1 Where the Liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the Liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

9.2 Where two (or more) Liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or to a meeting of members.

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

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

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

10. Effective date

10.1 This guide applies where a company goes into liquidation on or after 6 April 2017.

LEONARD CURTIS
Privacy Notice For Creditors

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, Riverside House, Irwell Street, Manchester M3 5EN. Alternatively they can be contacted by email: privacy@leonardcurtis.co.uk

Data Controller: Leonard Curtis