

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

02626328

Name of Company

Trojan Treatments Limited

MT We

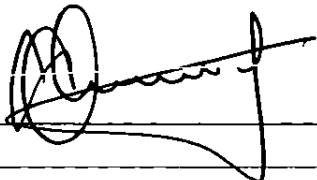
Paul Walker, 2nd Floor, 33 Blagrove Street, Reading, RG1 1PW

David Clements, 2nd Floor, 33 Blagrove Street, Reading, RG1 1PW

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 02/03/2014 to 01/03/2015

Signed



Date 20 3.15

Harrisons Business Recovery and Insolvency Limited
2nd Floor
33 Blagrove Street
Reading
RG1 1PW

Ref TROJA001/PW/DC/JWH/LD/CLF/TW

SATURDAY



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COMPANIES HOUSE

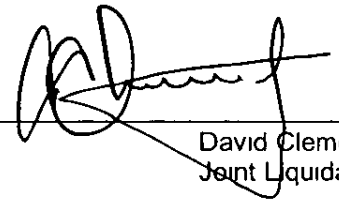
Trojan Treatments Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 02/03/2014 To 01/03/2015	From 02/03/2012 To 01/03/2015
	SECURED ASSETS		
1,000 00	Goodwill	NIL	1,000 00
		NIL	1,000 00
	SECURED CREDITORS		
(44,000 00)	Barclays Bank plc	NIL	NIL
		NIL	NIL
	HIRE PURCHASE		
3,250 00	Motor Vehicle - VW Crafter Van	NIL	NIL
(7,000 00)	Volkswagen Commercial Finance Limit	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
500 00	Tools/Furniture & Equipment	NIL	NIL
3,500 00	Motor Vehicle - VW Caddy Van	600 00	600 00
1,134 24	Book Debts	NIL	NIL
38,000 00	Director's Loan Account	NIL	NIL
	Insurance of Assets	(97 25)	(97 25)
	Bank Interest Gross	0 50	1 80
		503 25	504 55
	COST OF REALISATIONS		
	Specific Bond	NIL	120 00
	Statement of Affairs fee	NIL	500 00
	Agent's Fees - Winterhill Largo	100 00	100 00
	Statutory Advertising	NIL	142 53
	Insurance of Assets	350 91	350 91
		(450 91)	(1,213 44)
	PREFERENTIAL CREDITORS		
(6,338 17)	Claims for Wages/Holiday Pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(19,594 10)	Trade & Expense Creditors	NIL	NIL
(40,464 00)	RPO claim for Redundancy/PIL	NIL	NIL
(13,423 00)	Employee's claim for Redundancy/PIL	NIL	NIL
(27,334 86)	HM Revenue & Customs - PAYE	NIL	NIL
(14,899 00)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(4 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(125,672 89)		52.34	291 11
	REPRESENTED BY		
	Vat Receivable		20 00
	Bank 2 Current		391 11

Vat Payable

(120 00)

291 11

A handwritten signature in black ink, appearing to read 'David Clements', is written over a horizontal line.

David Clements
Joint Liquidator

**Trojan Treatments Limited
In Liquidation**

**Progress Report to the Members and
Creditors Pursuant to Section 104A of
The Insolvency Act 1986**

Trojan Treatments Limited – In Liquidation

Progress Report to Members and Creditors

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Trojan Treatments Limited – In Liquidation

Progress Report to Members and Creditors

1. Introduction and Statutory Information

- 1.1 Jonathan Law, together with John Sallabank, of Harrisons Business Recovery and Insolvency Limited, 2nd Floor, 33 Blagrove Street, Reading, RG1 1PW were appointed to act as Joint Liquidators of Trojan Treatments Limited ('the Company') on 2 March 2012
- 1.2 Following a Block Transfer Order made on 20 June 2012, Jonathan Law was replaced as Joint Liquidator of the Company by Paul Walker, an Insolvency Practitioner based in our Reading Office.
- 1.3 Following a Block Transfer Order made on 12 September 2013, John Sallabank was replaced as Joint Liquidator of the Company by David Clements, an Insolvency Practitioner based in our Reading Office.
- 1.4 This report provides an update on the progress in the Liquidation for the period from 2 March 2014 to 1 March 2015
- 1.5 The trading address of the Company was Clover House, 98-100 Cloverlea Road, Oldland Common, Bristol, BS30 8TX
- 1.6 The registered office of the Company was changed to 2nd Floor, 33 Blagrove Street, Reading, RG1 1PW and its registered number is 02626328
- 1.7 The EC Regulation on Insolvency Proceedings 2000 applies to the Liquidation. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom

2. Realisation of Assets

- 2.1 Attached at Appendix A is our Receipts and Payments Account for the period from 2 March 2014 to 1 March 2015 together with a cumulative Receipts and Payments Account for the period from 2 March 2012 to 1 March 2015.
- 2.2 All funds are held in interest bearing bank accounts
- 2.3 **Asset category**
 - 2.3.1 **Motor Vehicle**
 - 2.3.1.1 The Statement of Affairs showed that the Company owned two motor vehicles, a VW Crafter Van and a VW Caddy Van with market values of £4,500 and £3,000 respectively.
 - 2.3.1.2 The VW Crafter Van was subject to a finance agreement with Volkswagen Commercial Vehicle Finance, of which, £7,000 was outstanding. As there was no available equity this vehicle was returned to the finance company
 - 2.3.1.3 As previously advised the VW Caddy Van was sold by private treaty for the sum of £4,000 plus VAT. However when we contacted the purchaser to chase payment, they alleged to have not purchased the vehicle.
 - 2.3.1.4 We can confirm that following the collection of the VW Caddy Van it was evident the vehicle required significant work to be undertaken to make it road worthy. An offer of £600 plus VAT was put forward by the collection agents and endorsed by the Agents who believed this to be reasonable
 - 2.3.1.5 We confirm the sum of £600 was received in full on 21 January 2015. No further realisations will be made in this matter

Trojan Treatments Limited – In Liquidation

Progress Report to Members and Creditors

2.3.2 Other Assets

- 2.3.2.1 A small amount has been received in respect of bank interest on those monies held within the Liquidation bank account

3. Investigations

- 3 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (**BIS**). As this is a confidential report, I am not able to disclose the contents
- 3 2 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report.

4. Creditors

4.1 Secured Creditors

- 4 1 1 Barclays Bank plc holds a fixed and floating charge over the Company's assets. At the date of the Liquidation the indebtedness was estimated at £44,000. It is my understanding that the Director has settled this liability personally

4.2 Preferential Creditors

- 4 2 1 Preferential claims were estimated at £6,338 for the purposes of the Statement of Affairs as at 2 March 2012
- 4 2 2 Due to insufficient funds held in the Liquidation account, no distribution was made to the preferential creditors.

4 3 Unsecured Creditors

- 4.3.1 We confirm claims totalling £104,975 from 13 creditors have been received.
- 4 3 2 We can confirm that the realisations are insufficient to declare a dividend to the unsecured creditors. A Notice of No Dividend was issued to all known creditors on 29 April 2013.

5. Joint Liquidators' Remuneration

- 5 1 The Creditors approved that the basis of the Joint Liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Liquidation
- 5.2 Our time costs for the period from 2 March 2014 to 1 March 2015 are £8,994. This represents 46 hours at an average rate of £197 per hour. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by us in managing the Liquidation. To date, £500 plus disbursements of £263 have been drawn

Trojan Treatments Limited – In Liquidation

Progress Report to Members and Creditors

- 5.3 Attached at Appendix C is a cumulative Time Analysis for the period from 2 March 2012 to 1 March 2015 which provides details of our time costs since appointment
- 5.4 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from <http://harrisons-uk.com/creditors-guide-fees>
- 5.5 Attached at Appendix D is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade
- 5.6 No Category 2 disbursements have been taken for the period of this report.

6. Joint Liquidators' Expenses

The following expenses have been incurred since our last progress report to creditors:-

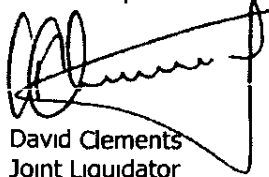
Supplier Service Provider	Nature of expense Incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
Winterhill Largo	Valuation and sale	100.00	100.00	Nil
Insolvency Risk Service	Insurance	350.91	350.91	Nil

7. Creditors' Rights

- 7.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.
- 7.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Liquidators, as set out in this progress report, are excessive

8. Next Report

At present I am in the process of winding up the Company's pension scheme. Until such time that this matter has been finalised the Liquidation shall remain open. I am required to provide a further report on the progress of the Liquidation within two months of the next anniversary of the Liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors.



David Clements
Joint Liquidator

18 March 2015

APPENDIX A

**Receipts and Payments Account for the Period from 2 March 2014 to 1 March 2015 and
Cumulative Receipts and Payments Account for the Period from 2 March 2012 to 1 March 2015**

Trojan Treatments Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 02/03/2014 To 01/03/2015	From 02/03/2012 To 01/03/2015
1,000 00	SECURED ASSETS Goodwill	<u>NIL</u> NIL	<u>1,000 00</u> 1,000.00
(44,000.00)	SECURED CREDITORS Barclays Bank plc	<u>NIL</u> NIL	<u>NIL</u> NIL
3,250 00 (7,000 00)	HIRE PURCHASE Motor Vehicle - VW Crafter Van Volkswagen Commercial Finance Limit	<u>NIL</u> <u>NIL</u> NIL	<u>NIL</u> <u>NIL</u> NIL
500 00 3,500.00 1,134 24 38,000 00	ASSET REALISATIONS Tools/Furniture & Equipment Motor Vehicle - VW Caddy Van Book Debts Director's Loan Account Insurance of Assets Bank Interest Gross	<u>NIL</u> 600.00 NIL NIL (97 25) 0.50 503.25	<u>NIL</u> 600.00 NIL NIL (97.25) 1.80 504 55
	COST OF REALISATIONS Specific Bond Statement of Affairs fee Agent's Fees - Winterhill Largo Statutory Advertising Insurance of Assets	<u>NIL</u> NIL 100.00 NIL 350 91 (450 91)	<u>120.00</u> 500.00 100 00 142.53 350.91 (1,213.44)
(6,338.17)	PREFERENTIAL CREDITORS Claims for Wages/Holiday Pay	<u>NIL</u> NIL	<u>NIL</u> NIL
(19,594 10) (40,464.00) (13,423 00) (27,334 86) (14,899 00)	UNSECURED CREDITORS Trade & Expense Creditors RPO claim for Redundancy/PIL Employee's claim for Redundancy/PIL HM Revenue & Customs - PAYE HM Revenue & Customs - VAT	<u>NIL</u> NIL NIL NIL NIL NIL	<u>NIL</u> NIL NIL NIL NIL NIL
(4 00)	DISTRIBUTIONS Ordinary Shareholders	<u>NIL</u> NIL	<u>NIL</u> NIL
(125,672.89)		52.34	291.11
	REPRESENTED BY Vat Receivable Bank 2 Current Vat Payable		20 00 391.11 (120.00)

291.11

A handwritten signature in black ink, appearing to read 'David Clements', written over a horizontal line.

David Clements
Joint Liquidator

Time Entry - SIP9 Time & Cost Summary

TROJA001 - Trojan Treatments Limited
From 02/03/2014 To 01/03/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	3.20	4.00	25.90	9.10	42.20	8,292.00	196.49
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	0.20	2.90	0.00	3.10	589.50	189.16
Trading	0.30	0.00	0.00	0.00	0.30	112.50	375.00
Total Hours	3.50	4.20	28.80	9.10	45.60	8,994.00	197.24 *
Total Fees Claimed						500.00	
Total Disbursements Claimed						141.87	

APPENDIX C

Cumulative Time Analysis for the Period from 2 March 2012 to 1 March 2015

Time Entry - SIP9 Time & Cost Summary

TROJA001 - Trojan Treatments Limited
From 02/03/2012 To 01/03/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	13.60	15.05	87.45	21.40	117.50	22,957.25	195.38
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.60	4.40	1.50	6.50	982.50	151.15
Investigations	0.50	0.00	3.00	0.00	3.50	675.00	192.86
Realisations of Assets	0.10	1.70	17.15	0.00	18.95	3,434.50	181.24
Trading	0.30	0.00	3.50	0.00	3.80	637.50	167.76
Total Hours	14.50	17.35	95.50	22.90	150.25	28,686.75	190.93
Total Fees Claimed						500.00	
Total Disbursements Claimed						141.67	

APPENDIX D

**Additional Information in Relation to Joint Liquidators' Fees Pursuant to Statement of Insolvency
Practice 9**

ADDITIONAL INFORMATION IN RELATION TO JOINT LIQUIDATORS' FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 (SIP9)

Policy

Detailed below is Harrison's Business Recovery and Insolvency Limited's policy in relation to:

- Staff allocation and the use of subcontractors;
- Professional advisors; and
- Disbursements

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Director, a Manager, a Case Supervisor and/or an Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We are not proposing to utilise the services of any sub-contractors in this case.

Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Insolvency Risk Specialists (insurance)	Risk based premium
Winterhill Largo (valuation and disposal advice)	Percentage of realisations

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

No Category 2 disbursements have been taken for the period of this report.

Charge-out rates

A schedule of Harrisons Business Recovery and Insolvency Limited's charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved.

A schedule of Harrisons Business Recovery and Insolvency Limited's charge-out rates for this assignment is detailed below. Please note that the charge-out rates are effective from 1 July in each period:-

	2013/2014	2014/2015
	£	£
Directors	305 – 550	305 – 550
Managers	250 – 350	250 – 350
Senior Case Supervisors	175 – 250	175 – 250
Case Supervisors	125 – 205	125 – 205
Assistants/Trainee Case Supervisors	100 – 150	100 – 150

Please note that this firm records its time in minimum units of 6 minutes

A CREDITORS' GUIDE TO LIQUIDATORS' FEES ENGLAND AND WALES

1 Introduction

1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope 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 liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how creditors 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. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.

2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and an official belonging to The Insolvency Service. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by The Insolvency Service on behalf of the Secretary of State. Where an insolvency practitioner is not appointed the official receiver remains liquidator.

2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.

3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's remuneration

4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 – 4.127B of the Insolvency Rules 1986. 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.

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. 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. Rule 4.127 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 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.

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors 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.

4.3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator 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. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.

4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below).

5 Review of remuneration

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

6 What information should be provided by the liquidator?

6.1 When fixing bases of remuneration

6.1.1 When seeking agreement for the basis or bases of remuneration, the liquidator 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.

6.1.2 If any part of the remuneration is sought on a time costs basis, the liquidator 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.

6.1.3 The liquidator 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 liquidator or his or her staff.

6.1.4 If work has already been carried out, the liquidator 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 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.

6.2 After the bases of remuneration have been fixed

The liquidator is required to send progress reports to creditors at specified intervals (see paragraph 7.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 7.1, 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. Creditors 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). 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

6.3 Disbursements and other expenses

6.3.1 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 disbursements** 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 disbursements** These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the liquidator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements 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.

6.3.2 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.

6.4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 11.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

7 Progress reports and requests for further information

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

- details of the basis fixed for the remuneration of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period,
- a statement of the creditors' rights to request further information, as explained in paragraph 7.2, and their right to challenge the liquidator's remuneration and expenses.

7.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made 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.

7.3 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 might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information. Any creditor 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.

8 Provision of information – additional requirements

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

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

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

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

9 What if a creditor is dissatisfied?

9.1 Except in cases where there is a liquidation committee it is the creditors 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 creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing.

9.2 If a creditor 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.

9.3 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 liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7.1 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 liquidator a copy of the application and supporting evidence at least 14 days before the hearing.

9.4 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.

10. What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee, or in the preceding administration, 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 liquidation committee, the creditors, in the preceding administration or in accordance with the statutory scale 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 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 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 out of the assets.

11 Other matters relating to remuneration

11.1 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.

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

11.3 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 creditors or the court.

11.4 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.

11.5 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.

11.6 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

12. Effective date

This guide applies where a company goes into liquidation 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 liquidator,
- the liquidator'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 liquidator'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 liquidator 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 liquidator'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 liquidator 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 subdivided) 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:

- Director
- 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 liquidator 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.