

In accordance with
Rule 6.28 of the
Insolvency (England &
Wales) Rules 2016 and
Section 106(3) of the
Insolvency Act 1986.

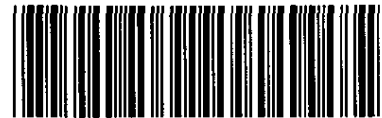
LIQ14

Notice of final account prior to dissolution in CVL



Companies House

THURSDAY



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A22

28/09/2017

#41

COMPANIES HOUSE

1 Company details

Company number 0 2 6 4 2 5 6 2

Company name in full LM Realisations Limited
(Formerly Lightmain Company Limited)

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

2 Liquidator's name

Full forename(s) Paul Andrew

Surname Whitwam

3 Liquidator's address

Building name/number 8 Park Place

Street

Post town Leeds

County/Region

Postcode L S 1 2 R U

Country

4 Liquidator's name

Full forename(s) Gary Edgar

Surname Blackburn

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

5 Liquidator's address

Building name/number 8 Park Place

Street

Post town Leeds

County/Region

Postcode L S 1 2 R U

Country

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

LIQ14

Notice of final account prior to dissolution in CVL

6

Liquidator's release

☐ Tick if one or more creditors objected to liquidator's release.

:

7

Final account

☒ I attach a copy of the final account.

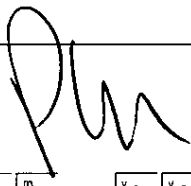
8

Sign and date

Liquidator's signature

Signature

X



X

Signature date

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LIQ14

Notice of final account prior to dissolution in CVL



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

Sue Bell

Company name

FRP Advisory LLP

Address

8 Park Place

Post town

Leeds

County/Region

Postcode

L S 1 2 R U

Country

DX

Telephone

0113 831 3555



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

LM Realisations Limited (Formerly Lightmain Company Limited)
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 04/09/2017 To 27/09/2017 £	From 04/09/2015 To 27/09/2017 £
	SECURED ASSETS		
167,796.00	Intellectual Property	NIL	20,000.00
	Book Debts	NIL	96,458.35
		NIL	116,458.35
	COSTS OF REALISATION		
	Office Holder Fees Debt Collection	NIL	9,645.84
		NIL	(9,645.84)
	SECURED CREDITORS		
(167,796.00)	Yorkshire Bank CID Agreement	NIL	69,370.51
		NIL	(69,370.51)
	ASSET REALISATIONS		
32,250.00	Plant, Equipment, Fixtures & Fittings	NIL	22,100.00
21,000.00	Motor Vehicles	NIL	17,500.00
400.00	Stock	NIL	400.00
Uncertain	Work In Progress	NIL	17,500.00
	Non Factored Book Debts	NIL	40,178.52
	Car Tax Refund	NIL	11.66
58,363.00	Cash at Bank	NIL	73,540.82
	Cash Received from CVA	NIL	1,222.15
	Bank Interest Gross	NIL	29.20
		NIL	172,482.35
	COST OF REALISATIONS		
	Specific Bond	NIL	316.80
	Preparation of S. of A.	NIL	5,000.00
	Office Holders Fees	NIL	66,222.15
	Creditors' Meeting Costs	NIL	5,000.00
	Agents/Valuers Fees	NIL	2,000.00
	Agents/Valuers Disbursements	NIL	104.40
	Legal Fees	NIL	4,500.00
	Legal Disbursements	NIL	480.00
	Statutory Advertising	NIL	299.16
	Remedial Work on Debtor Contract	NIL	4,859.44
	Insurance of Assets	NIL	315.88
		NIL	(89,097.83)
	PREFERENTIAL CREDITORS		
(7,680.00)	Preferential Dividend Distribution	NIL	6,135.94
		NIL	(6,135.94)
	FLOATING CHARGE CREDITORS		
(535,000.00)	British Small Companies VCT plc	NIL	90,000.00
		NIL	(90,000.00)
	UNSECURED CREDITORS		
(650,952.00)	Trade & Expense Creditors	NIL	24,690.58

LM Realisations Limited (Formerly Lightmain Company Limited)
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 04/09/2017 To 27/09/2017 £	From 04/09/2015 To 27/09/2017 £
(161,005.00)	Pay In Lieu of Notice & Redundancy P	NIL	NIL
(304,267.00)	H M Revenue & Customs - PAYE/NIC/	NIL	NIL
(101,441.00)	H M Revenue & Customs - CVA liabilit	NIL	NIL
		NIL	(24,690.58)
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,648,432.00)		NIL	0.00
	REPRESENTED BY		
	Vat Receivable		17,597.03
	Fixed Ch Vat Receivable		1,929.17
	Fixed Ch Vat Payable		(912.89)
	Vat Payable		(14,788.16)
	Vat Control Account		(3,825.15)
			(0.00)


Paul Andrew Whitwam
Joint Liquidator

LM Realisations Limited ("the Company") Creditors' Voluntary Liquidation ("CVL")
Formerly known as Lightmain Company Limited
Registered number: 02642562

Joint Liquidators' Final Account for the period 4 September 2015 to 28 July 2017
In accordance with s106 Insolvency Act 1986 and
R18.14 Insolvency Rules 2016

Key highlights of this report

A summary of the key information contained within this report is as follows:

- Assets realisations for this period total £288,940.
- There are no further assets remaining to be realised.
- Since my last report dated 12 September 2016, the balance of the deferred sale consideration, £15,000, has been recovered in full.
- Further non-factored book debts of £7,592 have been realised bringing the total non-factored debt collection to £40,179.
- Liquidators' remuneration was approved on a time costs basis.
- Liquidators' fees drawn are £66,222, of which £46,222 has been drawn since my last progress report to 3 September 2016.
- Expenses totalling £12,876 have been incurred during the period of the liquidation.
- The preferential creditors, amounting to £6,136 were paid in full on 5 August 2016.
- Distribution to the Secured lender of £90,000.
- A first and final dividend distribution of 3.08p/£ was paid to the agreed unsecured creditors on 17 May 2017. The total distribution was £24,691.

Appendices

The following appendices are attached which should be read in conjunction with this report:

- | | |
|------------|---|
| Appendix 1 | Statutory Information |
| Appendix 2 | Receipts and Payments Account to 28 July 2017 |
| Appendix 3 | Liquidators' Time Costs Analysis to 28 July 2017 |
| Appendix 4 | Creditors' Guide to Fees and Statement of Creditors' Rights |

Asset Realisation and Progression

The Joint Liquidators confirm that all known assets have been realised.

Intellectual Property, Plant, Equipment, Fixtures & Fittings, Motor Vehicles and Stock

As previously reported, following their appointment, the Joint Liquidators instructed Fox Lloyd Jones Limited, Chartered Surveyors based in Leeds, ("the Agents") to assist them in selling the Company's tangible and intangible assets.

The Agents undertook a brief marketing exercise in respect of the Company's assets (and any remaining goodwill) and as a result of that marketing, two parties expressed interest.

One party offered £10,000, but only for the intellectual property and 'pipeline' work. The other party, Vica Limited ("Vica"), expressed interest in the Company's intellectual property and unencumbered plant, equipment, fixtures & fittings, motor vehicles and stock. The Liquidators entered into negotiations with Vica and ultimately agreed a sale of these assets for £60,000 plus Value Added Tax. The Agents were consulted and they strongly recommended acceptance of the offer from Vica.

The sale to Vica completed on 18 September 2015. The sale proceeds were allocated £20,000 to intellectual property, £22,100 to plant, equipment and fixtures & fittings, £17,500 to vehicles and £400 to stock. Under the terms of the sale and purchase agreement, £45,000 of the consideration was received on 18 September 2015 and the balance of the consideration, £15,000, was deferred until 18 May 2016.

As at the date of my last report, 12 September 2016, the deferred consideration of £15,000 had not been received. The Joint Liquidators instructed Shulmans LLP, Solicitors, to recover this outstanding balance on their behalf. In late September 2016, a revised repayment plan of six monthly payments was agreed. The final payment was received on 28 March 2017.

Book Debts - Factored

Most of the Company's book debts were subject to a factoring agreement with Yorkshire Bank Invoice Finance ("YBIF"). As at the date of the Liquidators' appointment, the Factored sales ledger balance was £208,742, with an outstanding balance due to YBIF of £167,796.

Initially, the book debts were collected by YBIF under the terms of their factoring agreement. On 3 November 2015, after encountering a number of difficulties, YBIF asked the Joint Liquidators to collect the remaining factored book debts.

Extensive work has been undertaken by the Liquidators in collecting the remaining book debts, resulting in the recovery of £96,458. Following distributions totaling £69,370 to YBIF, on 29 July 2016, they advised that their lending had been repaid in full.

It was agreed with YBIF that a collection fee of 10% of book debts recovered would be paid to the Liquidators. £9,646 has been paid in respect of the debt collection fee.

Book Debts - Non-Factored

Extensive work has also been undertaken by the Liquidators in collecting various non-factored book debts. A total of £40,179 has been realised, of which £7,592 was received in the period since the last progress report to 3 September 2016.

Book debts of £27,112 have been written off. There are a number of reasons for these "write-offs". These include debtors setting off "contra" balances owed to them by the Company, payments being made prior to the Liquidation but not being reflected in the records, alleged unsatisfactory work and also costs arising by debtors determining contracts and instructing alternative contractors post liquidation.

Work in Progress

As at 3 September 2015, the Company had one incomplete contract with Leeds City Council ("LCC"). The Directors had advised that the Company was in dispute with LCC regarding this contract. The Joint Liquidators subsequently negotiated with LCC and it was agreed that an alternative contractor would be engaged to complete the outstanding work.

A "net" settlement of £17,500 was agreed in respect of the work undertaken by the Company. This settlement was received in full on 18 February 2016.

Cash at Bank

The Company's bankers paid the residual balance of the cash held in the Company's bank account to the Liquidators on 29 July 2016. The amount recovered was £73,541. This represented the funds held in the account, less a deduction for a nominal shortfall suffered by YBIF in the recovery of its factoring advance.

The remaining asset realisations disclosed in the receipts and payments account are self explanatory.

Distributions

Secured Creditor

British Small Companies VCT Plc ("BSC") held a secured charge dated 26 March 2010. Following the confirmation that YBIF had been repaid in full, on 8 August 2016 an initial distribution of £75,000 was paid to BSC. On 21 December 2016, a request was received from BSC for an early payment of the final distribution as they wanted to bring their file to a closure. The Joint Liquidators estimated that the final distribution to BSC would be approximately £19,000/£20,000. BSC offered to accept £15,000 in full and final settlement of their indebtedness if the payment was made before 25 January 2017. Accordingly, on 9 January 2017, a distribution of £15,000 was paid to BSC. The total distribution was £90,000 and the floating charge was deemed to be satisfied.

Preferential Creditors

The preferential creditors were paid in full on 5 August 2016.

Unsecured Creditors

In the report dated 12 September 2016, creditors were advised that an estimated dividend of 2p/£ would be paid to the unsecured creditors from the "Prescribed Part."

Following the settlement of the liability to BSC the Prescribed Part was no longer applicable.

Notice of an intended dividend distribution was sent to all known creditors on 17 March 2017, requesting that final claims be submitted to the Joint Liquidators by 27 April 2017. In addition, notification of the intended dividend was advertised in the London Gazette on 20 March 2017.

On 17 May 2017, a first and final dividend of 3.08 pence in the £ was declared and paid to the agreed unsecured creditors. Formal notice that no further dividend would be declared was included with the dividend payment.

Basis of Liquidators' Remuneration

A Creditors' Guide to Liquidator's remuneration, together with a Statement of Creditors Rights, was sent to all creditors with the papers giving notice of the meetings to place the Company into liquidation.

The first meeting of creditors held on 4 September 2015 resolved that the Joint Liquidators be authorised to draw fees on account on a time cost basis according to the complexity of the work undertaken, at BWC's standard charging rates, in accordance with Statement of Insolvency Practice No 9.

In common with all professional firms, our scale rates increase from time to time over the period of the administration of each insolvency case. Our scale rates have not increased during the course of this administration. A further copy of the Creditors Guide to Fees and Statement of Creditors Rights is attached at Appendix 4 of this report.

The Liquidators' total time costs to 28 July 2017 in dealing with the liquidation amount to £77,907, which equates to 279.60 hours at an average charge out rate of £268.08.

Liquidators' fees of £75,868 (including £9,646 in respect of book debt collections) have been drawn. These fees have been drawn in respect of time spent in accordance with the resolution passed at the first meeting of creditors. A detailed time summary is attached at Appendix 3 to this report. The unbilled timecosts will be written off.

Statement of Expenses Incurred by the Convening Accountant

Set fees of £5,000 and £5,000 were drawn in respect of assisting the directors in the preparation of the Statement of Affairs and the report presented to the first meeting of creditors, and in convening the meeting of members and creditors respectively. These fees were approved at the first meeting of creditors on 4 September 2015.

Statement of Expenses Incurred by the Liquidator

Liquidators' disbursements in respect of statutory advertising in the London Gazette and insurance have been paid and are reflected in the Receipts & Payments Account attached at Appendix 2. No 'Category 2' disbursements have been drawn by the Joint Liquidator.

The Liquidators were assisted in their duties by Fox Lloyd Jones Limited, Chartered Surveyors, who have been paid £2,000 for valuing the assets and assisting with the sale of the Company's unencumbered assets. Their fees were paid on a time costs basis. Fox Lloyd Jones Limited were also paid disbursements and expenses of £104.

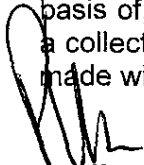
The Liquidators have also been assisted by Shulmans LLP, Solicitors, who have been paid £4,500 to date for their assistance in all legal matters undertaken during the liquidation. Their fees were paid on a time costs basis. In addition, legal disbursements of £480 have been paid.

Creditors' further information

As a creditor, you have a right to request further information with regard to any aspect of this report or to challenge the Liquidators' fees and expenses. If you require further information, please do not hesitate to contact us.

If you are not satisfied with our response, you have the right to request further information from me/us with regard to our remuneration and expenses, with either the permission of the Court or with a collective request from 10% in value of unsecured creditors. This request must be made within eight weeks of receipt of this report.

Further, creditors have the right to apply to Court to challenge the amount of, or the basis of, our remuneration and expenses, with either the permission of the Court or with a collective request from 10% in value of unsecured creditors. This application must be made within 8 weeks of receipt of this report.



PAUL A WHITWAM
Joint Liquidator

Date: 28 July 2017

LM Realisations Limited ("the Company") Creditors' Voluntary Liquidation ("CVL")
Formerly known Lightmain Company Limited
Registered number: 02642562

Appendix 1

Company Details

Description	LM Realisations Limited (In Liquidation)
Previously known as:	Lightmain Company Limited
Registered office:	Hibbard Works, Station Road, Wath-Upon-Deerne, Rotherham, S63 7DG
Registered number:	02642562
Contact Details For Case Administrator:	bBwc@bwc-solutions.com

Appointment Details

Joint Liquidator:	Paul Andrew Whitwam Gary Edgar Blackburn
Address:	BWC Business Solutions LLP, 8 Park Place, Leeds, LS1 2RU,
Date of Appointment:	04/09/2015
Actions of Joint Liquidators:	Any act required or authorised under any enactment to be done by a Liquidator may be done by either or both of the Liquidators acting jointly or alone
Former Liquidator: (if applicable)	N/A

LM Realisations Limited (Formerly Lightmain Company Limited)
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 04/09/2016 To 28/07/2017 £	From 04/09/2015 To 28/07/2017 £
	SECURED ASSETS		
	Intellectual Property	5,000.00	20,000.00
167,796.00	Book Debts	NIL	96,458.35
		<u>5,000.00</u>	<u>116,458.35</u>
	COSTS OF REALISATION		
	Office Holder Fees Debt Collection	NIL	9,645.84
		<u>NIL</u>	<u>(9,645.84)</u>
	SECURED CREDITORS		
(167,796.00)	Yorkshire Bank CID Agreement	NIL	69,370.51
		<u>NIL</u>	<u>(69,370.51)</u>
	ASSET REALISATIONS		
32,250.00	Plant, Equipment, Fixtures & Fittings	5,525.00	22,100.00
21,000.00	Motor Vehicles	4,375.00	17,500.00
400.00	Stock	100.00	400.00
Uncertain	Work In Progress	NIL	17,500.00
	Non Factored Book Debts	7,592.17	40,178.52
	Car Tax Refund	NIL	11.66
58,363.00	Cash at Bank	NIL	73,540.82
	Cash Received from CVA	1,222.15	1,222.15
	Bank Interest Gross	7.78	29.20
		<u>18,822.10</u>	<u>172,482.35</u>
	COST OF REALISATIONS		
	Specific Bond	NIL	316.80
	Preparation of S. of A.	NIL	5,000.00
	Office Holders Fees	46,222.15	66,222.15
	Creditors' Meeting Costs	NIL	5,000.00
	Agents/Valuers Fees	NIL	2,000.00
	Agents/Valuers Disbursements	NIL	104.40
	Legal Fees	NIL	4,500.00
	Legal Disbursements	NIL	480.00
	Statutory Advertising	69.00	299.16
	Remedial Work on Debtor Contract	4,564.44	4,859.44
	Insurance of Assets	NIL	315.88
		<u>(50,855.59)</u>	<u>(89,097.83)</u>
	PREFERENTIAL CREDITORS		
(7,680.00)	Preferential Dividend Distribution	NIL	6,135.94
		<u>NIL</u>	<u>(6,135.94)</u>
	FLOATING CHARGE CREDITORS		
(535,000.00)	British Small Companies VCT plc	15,000.00	90,000.00
		<u>(15,000.00)</u>	<u>(90,000.00)</u>
	UNSECURED CREDITORS		
(650,952.00)	Trade & Expense Creditors	24,690.58	24,690.58
(161,005.00)	Pay In Lieu of Notice & Redundancy P	NIL	NIL
(304,267.00)	H M Revenue & Customs - PAYE/NIC/	NIL	NIL
(101,441.00)	H M Revenue & Customs - CVA liability	NIL	NIL

LM Realisations Limited (Formerly Lightmain Company Limited)
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 04/09/2016 To 28/07/2017 £	From 04/09/2015 To 28/07/2017 £
	(24,690.58)	(24,690.58)
(100.00) DISTRIBUTIONS		
Ordinary Shareholders	NIL	NIL
	NIL	NIL
(1,648,432.00)	(66,724.07)	0.00

REPRESENTED BY

Vat Receivable	17,597.03
Bank 2 Current	(2,837.77)
Fixed Ch Vat Receivable	1,929.17
Fixed Ch Vat Payable	(912.89)
Vat Payable	(14,788.16)
Vat Control Account	(987.38)
	0.00


 Paul Andrew Whitwam
 Joint Liquidator

APPENDIX 3

LM REALISATIONS LIMITED (FORMERLY LIGHTMAIN COMPANY LIMITED) – IN LIQUIDATION JOINT LIQUIDATORS' TIME COSTS AS AT 28 JULY 2017

Notes		Partner Hours £340	Senior Manager £275	Admin / Clerical Hours £175	Total Hours	Average Cost Per Hour £	Total Cost at 28.07.2017 £	Total Cost B/F 03.09.2016 £	Costs Incurred 04.09.2016 To 28.07.2017 £
1	Admin & Compliance	18.50	35.50	41.90	95.90	251.68	23,385.00	11,757.50	11,809.50
2	Planning & Control		1.00		1.00	275.00	275.00	275.00	-
3	Fixed Charge Assets								
4	Floating Charge Assets	33.75	10.90		44.65	275.00	14,472.50	14,115.00	-
5	Trading								
6	Debt Collection	20.75	48.40		69.15	285.35	20,365.00	15,885.00	4,480.00
7	Creditors	2.50	27.20		29.70	284.73	8,330.00	3,575.00	4,755.00
8	Employees		5.70		5.70	275.00	1,567.50	1,347.50	220.00
9	Meetings & Statutory Duties	2.50	11.40		13.90	286.69	3,985.00	3,985.00	-
10	Reports & Statutory Returns	3.50	9.70	0.90	14.10	291.77	4,015.00	1,622.50	2,392.50
11	Investigations		5.50		5.50	275.00	1,512.50	1,512.50	-
	Total Post Appointment Time	81.50	155.30	42.80	279.60	279.60	77,907.50	54,075.00	23,832.50

APPENDIX 3 (Cont)

Explanation of Work Classifications

Notes		
1	Admin & Compliance	Includes: Maintenance of cash and estate records, general correspondence, compliance, review of case files.
2	Planning & Control	Includes: Case planning/strategy/trading strategy.
3	Fixed Charge Assets	Includes: Dealing with various actions effecting the disposal of charged assets including sales pack, meetings with potential purchasers.
4	Floating Charge Assets	Includes: Dealing with various actions affecting the motor vehicles, plant, machinery and office equipment.
5	Trading	Includes: Disposal of work in progress/ stock and general continuation of the business.
6	Debt Collection	Includes: Correspondence with debtors, collection of outstanding debts, maintaining debtor records.
7	Creditors	Includes: Dealing with preferential and unsecured creditors claims.
8	Employees	Includes: Employee claims (preferential and unsecured), pension matters.
9	Meetings & Statutory Duties	Includes: Appointment formalities, meetings of creditors.
10	Reports & Statutory Returns	Preparation of creditors reports, directors conduct reports, statutory returns submitted to Companies House.
11	Investigations	Includes: Investigation work.

LIQUIDATION - A CREDITORS' GUIDE TO FEES AND STATEMENT OF CREDITORS' RIGHTS

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 and 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 a member of The Insolvency Service, an executive agency within the Department of Trade and Industry. 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 for Trade and Industry. 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 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 six 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 Rule 4.127 - 4.127B of the Insolvency Rules 1986. The Rule states that the remuneration shall be fixed either:

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

Any combination of these bases may be used to fix remuneration, and different bases may be used for different things done by the liquidator. Where 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 the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage 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 the committee would. 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 Seeking Remuneration Approval

6.1.1 When seeking agreement to his fees 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. Section 12 of 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 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 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 circumstance so 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 staff.

6.1.5 Details of the charge out rates of staff employed by BWC Business Solutions LLP with effect from 1 May 2012 and previous periods are as detailed over the page.

Grade of Staff	1 May 2012 to 31 March 2013	1 April 2013 to 31 March 2014	1 April 2014 to 31 March 2015
Partner	285	310	340
Senior Manager	N/A	250	275
Manager	175	200	220
Assistant Manager	150	175	190
Senior Administrator	110	150	175
Case Administrator	110	150	165
Cashiering	110	150	175
Clerical	50	75	80

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 period 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 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 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. The following items of expenditure may be charged to the case (subject to creditors' approval):

- Internal meeting room usage for the purpose of statutory meetings is charged at the rate of £100 per meeting.
- Car mileage is charged at the rate of 45 pence per mile.
- Printing/Photocopying is charged at the rate of 10 pence per page.
- Storage of books and records (when not chargeable as a Category 1 expense) is charged at the rate of £5 per storage box per annum.
- Destruction of books and records (when not chargeable as a Category 1 expense) is charged at the rate of £3 per box.
- Postage will be charged at the rate of 50 pence for small envelopes and £1.00 for large envelopes (to cover the costs of postage and envelopes).

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 basis 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), and 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 Pursuant to Rule 4.49E Insolvency Rules 1986, 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 expense 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 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 Pursuant to Rule 4.131 Insolvency Rules 1986, application may be made to the court by any secured creditor, or by any unsecured creditor, provided at least 10% 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 application 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 the scale laid down for the official receivers. 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 or 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 Provision of Information

- 12.1 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.
- 12.2 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 liquidators 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 sub-contracting 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 sub-contractors, 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.

12.3 Where any part of the remuneration is or is proposed to be calculated on a time costs basis, request 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. Until 31 August 2013, it was the firm's policy to record time in units of not greater than 15 minutes. With effect from 1 September 2013, the firm's policy changed to record time in units of not less 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 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 | • Trading |
| • Investigations | • Creditors |
| • Realisation of assets | • Any other case-specific matters |

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

- | | |
|-----------|--------------------------------|
| • Partner | • Other senior professionals |
| • Manager | • 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, and 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.

13 Effective Date

This guide applies where a company goes into liquidation on or after 1 November 2011.