

LIQ03

Notice of progress report in voluntary winding up



Companies House

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

1 Company details

Company number	0	3	0	5	0	5	9	5
Company name in full	Arrowcroft Northwest Limited							

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

2 Liquidator's name

Full forename(s)	Mark Christopher
Surname	Ford

3 Liquidator's address

Building name/number	45 Gresham Street
Street	
Post town	London
County/Region	
Postcode	E C 2 V 7 B G
Country	

4 Liquidator's name ①

Full forename(s)	Finbarr Thomas
Surname	O'Connell

① **Other liquidator**
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number	45 Gresham Street
Street	
Post town	London
County/Region	
Postcode	E C 2 V 7 B G
Country	

② **Other liquidator**
Use this section to tell us about
another liquidator.

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6

Period of progress report

From date

^d1^d0^m0^m9^y2^y0^y2^y2

To date

^d0^d9^m0^m9^y2^y0^y2^y3

7

Progress report

☒ The progress report is attached

8

Sign and date

Liquidator's signature

Signature

X

Mark Ford

Mark Ford (Nov 3, 2023 13:45 GMT)

X

Signature date

^d0^d3^m1^m1^y2^y0^y2^y3

LIQ03

Notice of progress report in voluntary winding up



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 **Camilla Mulholland**

Company name **Evelyn Partners LLP**

Address **45 Gresham Street**

Post town **London**

County/Region

Postcode **E C 2 V 7 B G**

Country

DX

Telephone **020 7131 4000**



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:

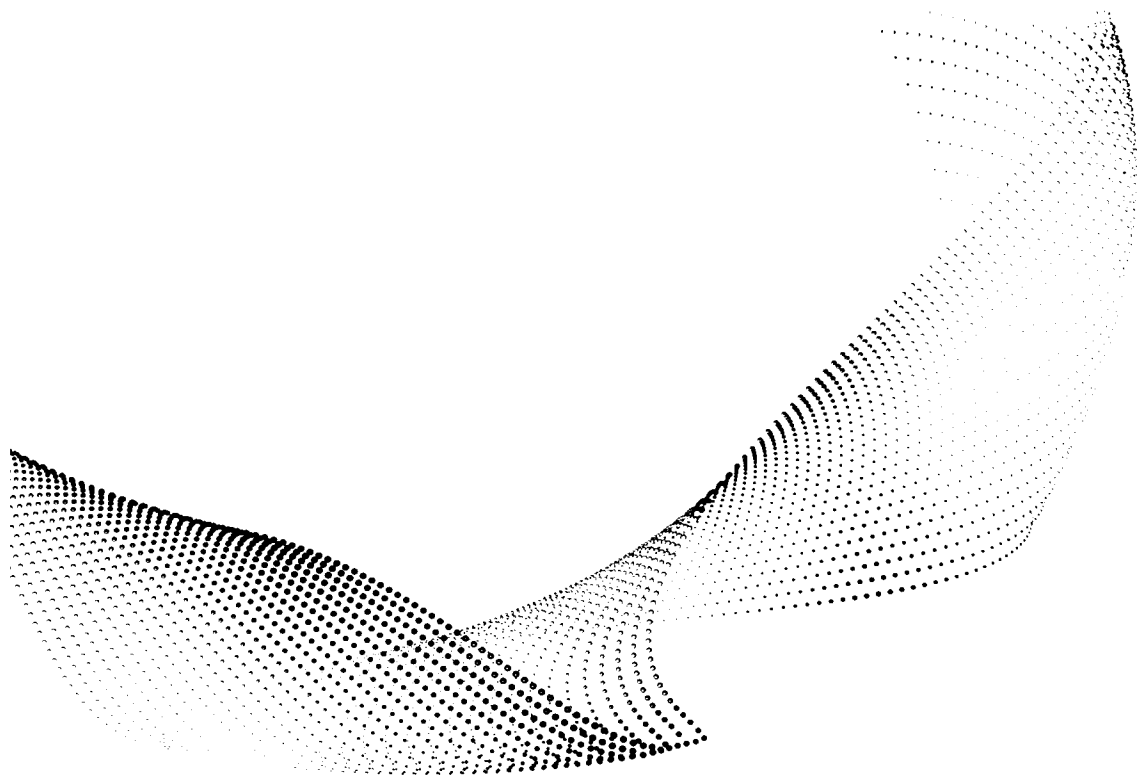
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

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Arrowcroft Northwest Limited (in members' voluntary liquidation)

The joint liquidators' annual progress report for the period from 10 September 2022 to 9 September 2023

3 November 2023

Contents

1.	Glossary	3
2.	Introduction and Statutory information	4
3.	Realisation of assets	4
4.	Creditors	4
5.	Distributions to members	5
6.	The joint liquidators' remuneration	5
7.	Outstanding matters	6
8.	Privacy and Data Protection	6
9.	Members' rights	7
10.	Next report	7

Appendices

I	Receipts and payments account	9
II	Time analysis for the period	10
III	Cumulative time analysis	11
IV	Staffing, charging, subcontractor and adviser policies and charge out rates	13
V	A member's guide to liquidators' fees	16

1. Glossary

Abbreviation	Description
Company	Arrowcroft Northwest Limited
DOS	Declaration of Solvency
HMRC	His Majesty's Revenue and Customs
liquidators/joint liquidators	Mark Ford and Finbarr O'Connell
SIP	Statement of Insolvency Practice

2. Introduction and Statutory information

This report provides an update on the progress in the liquidation of the Company for the year ended 9 September 2023. It should be read in conjunction with our previous reports. By way of reminder, we, Mark Ford and Finbarr O'Connell, of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG, were appointed the joint liquidators of the Company on 10 September 2019.

The Joint Liquidators of the Company are appointed to manage its affairs, business and property. They act as agents and without personal liability. Both officeholders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. Further details of their licensing body along with our complaints and compensation procedure can be accessed at:

The principal trading address of the Company was 44-48 Brookfield House, 44-48 Davies Street, London, W1K 5JA. The Company's registered office is 45 Gresham Street, London, EC2V 7BG and its registered number is 03050595.

3. Realisation of assets

Attached at Appendix I is our receipts and payments account for the period from 10 September 2022 to 9 September 2023. This account includes cumulative figures for the period from 10 September 2019 to 9 September 2023. The receipts and payments account also includes a comparison with the directors' DOS values.

By way of reminder, the joint liquidators have been working to recover a small VAT refund in the amount of £3,160.55 via the group registration submissions. This refund initially became protracted due to the Covid-19 pandemic's impact on HMRC processing times. Previous discussions with HMRC indicated that this refund should be received approximately 12 months ago. This matter has now been escalated to the HMRC complaints team and the joint liquidators hope to resolve it shortly.

4. Creditors

4.1 Unsecured creditors

The directors' DOS disclosed total unsecured creditor claims of £41,380, excluding debts due to connected companies. The majority of this balance related to historic accrued costs in respect of the Company's historic property holdings. During the liquidation, no claims have been admitted by the joint liquidators. One personal injury claim, in respect of a property previously owned by the Company, was received and rejected by the joint liquidators.

4.2 Intercompany balances

The directors' DOS outlined a number of intercompany liabilities owned by the Company. Following confirmation that there were no third-party unsecured claims against the Company, these debts were resolved in full in previous periods to the following connected entities:

Entity	Relationship	Debt due	Debt settled in period £	Total debts settled £	Debt outstanding £
Arrowcroft Holdings Limited	Parent Company	464,722	-	464,722	-
Arrowcroft (Finland) Limited	Group entity	778	-	778	-
Total		465,500	-	465,500	-

4.3 Pre-liquidation declared dividend

Prior to the liquidation of the Company a dividend of £106,000 was declared to its sole shareholder and parent company Arrowcroft Holdings Limited.

Following the advertisement of claims against the Company and resolution of the amounts due to any creditors, the obligations of this dividend were resolved in full by the liquidators.

5. Distributions to members

5.1 Cash distributions

The following cash distribution has been made to members in respect of the classes of shares shown:

Date paid	Amount paid per share £	Amount of distribution in current period £	Total amount of distribution £
23 September 2020	16,000	-	32,000
Total	16,000	-	32,000

5.2 Distributions in specie

No distribution in specie has been made in the liquidation.

6. The joint liquidators' remuneration

The members resolved that the basis of the liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the liquidation on 10 September 2019. These costs were initially estimated to total £12,000. Approval was given on 10 September 2019.

The liquidators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
10 September 2019 to 9 September 2020	32.35	9,240.75	285.65	-
10 September 2020 to 9 September 2021	12.45	4,491.00	360.72	9,789.97
10 September 2021 to 9 September 2022	5.37	2,271.16	423.20	-
10 September 2022 to 9 September 2023	6.62	2,626.44	396.94	-
Total	57.79	18,629.35	328.08	9,789.97

Attached as Appendix II is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the liquidators and their staff in attending to matters arising in the liquidation. Details of work carried out in the period are also included in the appendix.

Also attached as Appendix III is a cumulative time analysis for the period from 10 September 2019 to 9 September 2023 which provides details of the liquidators' time costs since appointment. A total of £9,789.97 has been drawn on account of these costs.

Going forward, the joint liquidators anticipate future costs to be in the region of £3,750. A detailed narrative explanation of these costs can be found in 'Outstanding matters' section of this report. Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. Members will be advised accordingly and, if appropriate, approval sought prior to drawing any fees.

On a general note, members should be aware that some of the work is required by statute and may not necessarily provide any financial benefit such as preparing and filing statutory returns with the Registrar of Companies.

In common with many professional firms, our scale rates rise to cover annual inflationary cost increases (which readers will be aware have been particularly high of late) and accordingly our rates rose on average by approximately 7% with effect from 1 July 2022. Following a change to this firm's financial year-end, we have reviewed our charge-out rates again on 1 January 2023 and our rates have risen on average by approximately 5% with effect from 1 January 2023. This increase takes into account that only six months have passed since the date of the last increase to avoid prejudice to creditors and stakeholders. Rate reviews will now revert to being annual.

Details of Evelyn Partners LLP's charge out rates (including any changes during the case) along with the policies in relation to the use of staff are provided at Appendix IV. A copy of 'A member's guide to liquidators' fees in a members' voluntary liquidation' is attached for as Appendix V.

7. Outstanding matters

As detailed in section six of this report the joint liquidators anticipate the future costs to be in the region of £3,750. Please note that this estimate is based on present information and may change due to unforeseen circumstances arising.

The remaining actions to be concluded in the liquidation are as follows:

- Resolving the VAT affairs resulting in additional VAT refund; and
- Closure of the liquidation, including preparing and issuing the draft final account.

8. Privacy and Data Protection

As part of our role as the joint liquidators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at www.evelyn.com/rsgdpr. If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with the UK data protection legislation. Please contact Camilla Mulholland of our office if you believe this applies.

The Joint Liquidators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

9. Members' rights

Within 21 days of the receipt of this report, members with at least 5% of the total voting rights of all members having the right to vote at general meetings of the Company or otherwise with the court's permission may request in writing that the liquidators provide further information about their remuneration or expenses which have been itemised in this report.

Any members with at least 10% of the total voting rights of all members having the right to vote at general meetings of the Company or otherwise with the court's permission may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the liquidators, as set out in this report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Mark Ford or Finbarr O'Connell in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 45 Gresham Street, London EC2V 7BG or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

- i) Email: insolvency.enquiryline@insolvency.gov.uk
- ii) Telephone number: +44 300 678 0015
- iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

10. Next report

We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation unless we have concluded matters prior to this, in which case we will write to all members with our draft final account giving at least 8 weeks' notice of when members can expect to receive our final account.

Mark Ford

Mark Ford (Nov 3, 2023 13:45 GMT)

Mark Ford and Finbarr O'Connell

The joint liquidators

Date: 3 November 2023

Appendices



I Receipts and payments account

Receipts and payments account to 9 September 2023

Declaration of Solvency £		From 10/09/2022 To 09/09/2023 £	From 10/09/2019 To 09/09/2023 £
	ASSET REALISATIONS - CASH		
3,958.00	Arrowcroft Management Ltd - Intercompany	NIL	3,958.00
	Bank Interest Gross	NIL	61.38
625,563.00	Cash at Bank	NIL	616,243.49
		NIL	620,262.87
	COST OF REALISATIONS		
	Bank Charges	NIL	0.60
	Liquidators Fees	NIL	9,798.97
	S&W LLP - Pre Appointment Fee	NIL	3,529.25
	Specific Bond	NIL	20.00
	Statutory Advertising	NIL	253.50
		NIL	(13,602.32)
	UNSECURED CREDITORS		
(778.00)	Arrowcroft (Finland) Ltd - Intercompany	NIL	778.00
(106,000.00)	Arrowcroft Holdings Ltd - Dec Dividend	NIL	106,000.00
(464,722.00)	Arrowcroft Holdings Ltd - Intercompany	NIL	464,722.00
(4,839.00)	HM Revenue & Customs	NIL	NIL
(36,541.00)	Trade & Expense Creditors	NIL	NIL
		NIL	(571,500.00)
	DISTRIBUTIONS		
(2.00)	Ordinary Shareholders	NIL	32,000.00
		NIL	(32,000.00)
16,639.00		NIL	3,160.55
	REPRESENTED BY		
	VAT Receivable		3,160.55
			3,160.55

Notes and further information required by SIP 7

- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Information concerning the liquidators' remuneration and expenses incurred is provided in the body of our report.
- Information concerning the ability to challenge the liquidators' remuneration and expenses of the liquidation is provided in our report.
- All bank accounts were made non-interest bearing on 10 December 2019.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

II Time analysis for the period

From 10 September 2022 to 9 September 2023

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	0.50	0.50	2.55	0.00	0.00	3.55	£1,371.00	£386.20
Cashiering general, including bonding	0.00	0.07	0.75	0.00	0.00	0.82	£197.64	£242.00
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary)	0.00	0.75	1.50	0.00	0.00	2.25	£1,057.80	£470.13
Total	0.50	1.32	4.80	0.00	0.00	6.62	£2,626.44	£396.94

Explanation of major work activities undertaken

Administration and Planning

This section of the analysis encompasses the cost of the liquidators and their staff in complying with their statutory obligations, and any tax matters. This work will not usually provide a direct financial benefit to the members but is required by statute. This work included the following:

- Maintaining physical case files and electronics case details on IPS (case management software)
- Case reviews and case bordereau
- Case planning, administration, and general case progression, including adjustments in liquidators' strategy
- Liaising with HMRC in respect of VAT submissions and timing of repayments
- Preparing and issuing the joint liquidators' progress report for the period ending 9 September 2022

Cashiering time:

- Maintaining and managing the liquidators' cash book and bank accounts
- Reconciliation of bank account & Correspondence with banks

III Cumulative time analysis

From 10 September 2019 to 9 September 2023

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	1.57	0.50	7.63	0.60	0.00	10.30	£4,201.01	£407.87
Initial post-appointment notification letters, including creditors	0.35	0.00	0.00	0.40	0.00	0.75	£285.00	£380.00
Cashiering general, including bonding	0.10	0.13	0.90	3.02	0.00	4.15	£1,034.04	£249.17
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	0.92	0.75	2.97	2.07	0.00	6.70	£2,640.06	£393.84
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.00	0.00	2.20	0.48	0.00	2.68	£1,011.99	£377.61
Director/manager review, approval and signing	0.00	0.00	0.00	0.15	0.00	0.15	£57.00	£380.00
Other	0.00	0.00	1.80	0.00	0.00	1.80	£701.00	£389.44
Realisation of assets								
Cash at Bank	0.00	0.00	1.40	0.80	0.00	2.20	£724.00	£329.09
Creditors								
Unsecured creditors	0.15	0.00	3.50	1.00	0.00	4.65	£1,696.00	£364.73
Shareholders								
Shareholder distributions	0.00	0.00	0.70	0.30	0.00	1.00	£337.00	£337.00
Corporate Tax								
Corporate Tax	2.50	0.00	19.90	0.00	0.00	22.40	£5,942.25	£265.28
Total	5.58	1.38	41.00	8.82	-	56.78	18,629.35	328.08

Explanation of major work activities undertaken

Administration and Planning

This section of the analysis encompasses the cost of the liquidators and their staff in complying with their statutory obligations, and any tax matters. This work will not usually provide a direct financial benefit to the members but is required by statute. This work included the following:

- Statutory filings with the Registrar of Companies
- Dealing with routine correspondence
- Maintaining physical case files and electronics case details on IPS (case management software)
- Case reviews (including 6 month reviews), and case bordereau
- Case planning, administration, and general case progression, including adjustments in liquidators' strategy
- Ensuring statutory lodgements and tax lodgements obligations are met
- Submitting VAT returns and liaising with HMRC in respect of submissions and timing of repayments

Cashiering time:

- Maintaining and managing the liquidators' cash book and bank accounts
- Paying corporation tax returns and dealing with VAT reclaims from HMRC
- Reconciliation of bank account & Correspondence with banks
- Raising cheques/preparing telegraphic transfers

Realisation of assets

This section is in relation to the realisation of the Company's assets. The work will provide a direct financial benefit to creditors and included the following:

- Dealing with intercompany balances due to the Company;
- Obtaining final bank statements and receipt of funds in connection to the Company's pre-liquidation accounts

Creditors

Work under this section includes correspondence and other contact with the potential creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via email and telephone;
- Maintaining creditors' information on IPS;
- Settlement of intercompany debts;

Shareholders

Work under this section includes correspondence and other contact with the shareholders of the Company. The work includes the following:

- Shareholder communications; including non-statutory reporting (update emails and calls)
- Shareholder outcome statements
- Shareholder distributions

Corporate Tax

Work under this section relates to matters undertaken by our corporation tax colleagues relating to the Company's affairs. To date their work has been in connection with the wind down of the Group. The work includes the following:

- Advice to the liquidators on tax consequences relating to dividends from with the Group.
- Ensuring statutory lodgements and tax lodgements obligations are met.

IV Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Evelyn Partner LLP's policy in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Expense recovery
- Evelyn Partners LLP's current charge out rates

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 partner and a partner or director or associate director or consultant as joint office-holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised in London), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

It may be necessary to utilise staff from both the regional and London offices, subject to the specific requirements, eg, geographical location, of individual cases. This case is predominantly being conducted from the London office. We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add best value and service to the assignment.
- The expertise and experience of the service provider;
- The provider holds appropriate regulatory authorisations; and
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the members.

Expenses

Category 1 expenses do not require approval by members. The type of expenses that may be charged as a Category 1 expense to a case generally comprise 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 expenses do require approval from members. 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.

Since 7 July 2012 Evelyn Partners LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

Details of any Category 2 expenses incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Evelyn Partners LLP's charge out rates was issued to members at the time the basis of the liquidators' remuneration was approved. The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 January 2023.

Evelyn Partners LLP Restructuring & Recovery Services	From 1/7/19	From 1/7/20	From 1/7/21	From 1/7/22	From 1/1/23
Partner / Director (from 1 January 2016)	470-540	495-570	520-610	650-670	700-720
Associate Director	440	465	395-490	420-570	440-610
Managers	270-380	285-400	290-430	280-460	340-500
Other professional staff	180-380	190-465	130-280	205-300	160-290
Support & secretarial staff	100	105	100-120	100-120	100-120

Notes

- Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof.
- It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
- The firm's cashiering function is centralised and London rates apply. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. Following a change to our time reporting software, from 1 August 2020 the cashiering function time continues to be reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.

Evelyn Partners LLP Corporate Tax Charge out rates from	1 July 2019 £/hr	1 July 2020 £/hr	1 Jan 2021 £/hr	1 Jan 2022 £/hr
Partner / Director	575-690	625-740	690-890	590-950
Associate Director	460	500	500	430-535
Managers	245-400	270-430	270-430	230-460
Other professional staff	115-210	95-230	120-230	105-245
Support & secretarial staff	60	65	70	60-75

Evelyn Partners LLP Assurance & Business Services Charge out rates from	1 July 2019 £/hr	1 July 2020 £/hr
Partner / Director		
Associate Director		
Managers	120-190	120-200
Other professional staff	50-65	50-65
Support & secretarial staff		

V A member's guide to liquidators' fees

A SHAREHOLDERS GUIDE TO LIQUIDATORS FEES - ENGLAND AND WALES

1. Introduction

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

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

2. Liquidation procedure

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

2.2 Voluntary liquidation is the more common of the two. A solvent, voluntary liquidation is called a members' voluntary liquidation (often abbreviated to 'MVL'). In this type of liquidation an insolvency practitioner acts as Liquidator throughout and the members vote on the appointment of the Liquidator at a meeting of members or by written resolution.

3. Fixing the Liquidator's remuneration

3.1 The basis for fixing the insolvency practitioner's remuneration is set out in Rules 18.15 – 18.38 of the Insolvency Rules 2016. The Rules state that the remuneration shall be fixed:

- as a percentage of the value of the assets which are realised, 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) or the company in general meeting 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 18.16 (9) says that in arriving at its decision the committee or company shall have regard to the following matters:

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

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

4. Review of remuneration

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

5. What information should be provided by the Liquidator?

5.1 When fixing bases of remuneration

5.1.1 When seeking agreement for the basis or bases of remuneration, the Liquidator should provide sufficient supporting information to enable the committee or the members 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.

When providing information about payments, fees and expenses to members, the Liquidator should do so in a way that facilitates clarity of understanding the key issues. Narrative explanations should be provided to support any numerical information supplied. Where it is practical to do so, the Liquidator should provide an indication of the likely return to members when seeking approval for the basis of his fees.

The key issues of concern to the members will commonly be:

- a) the work the Liquidator anticipates will be done and why that work is necessary;
- b) the anticipated cost of that work, including any expenses expected to be incurred in connection with it;
- c) whether it is anticipated that the work will provide a financial benefit to members and, if so, what anticipated benefit (or if the work provides no direct, financial benefit but is required by statute);
- d) the work actually done and why that work was necessary;
- e) the actual costs of the work, including any expenses incurred in connection with it, as against any estimate provided; and
- f) whether the work has provided a financial benefit to members and, if so, what benefit (or if the work provided no direct financial benefit but was required by statute).

5.1.2 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.

5.1.3 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.

5.1.4 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.

5.1.5 If approval for a fixed amount of a percentage basis is sought, the office holder should explain why the basis requested is expected to produce a fair and reasonable reflection of the work that the office holder anticipates will be undertaken.

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.

5.2 After the bases of remuneration have been fixed

The Liquidator is required to send progress reports to members at specified intervals (see paragraph 6.1 below). When reporting periodically to members, in addition to the matters specified in paragraph 6.1, the Liquidator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed.

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

Where any remuneration is on a time costs basis, the Liquidator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The Liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the Liquidator or his or her staff.

5.3 Disbursements and other expenses

5.3.1 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.

5.3.2 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.

5.4 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 members convened for the purpose of determining his fees, and in any reports he sends to members.

6. Progress reports and requests for further information

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

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

6.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the Liquidator's resignation) a member may request the Liquidator to provide further information about the remuneration and expenses set out in the report.

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

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the liquidation or 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 member may apply to the court within 21 days of the Liquidator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

7. 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.

8. What if a member is dissatisfied?

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

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

9. What if the Liquidator is dissatisfied?

If he considers that the remuneration fixed by the liquidation committee, or by the members is insufficient, or that the basis used to fix it is inappropriate, 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 shareholders as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

10. Other matters relating to remuneration

10.1 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.

10.2 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.

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

10.4 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.

10.5 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.

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 sub-divided) in a way relevant to the circumstances of the case

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

- Administration and planning
- Investigations
- Realisation of assets

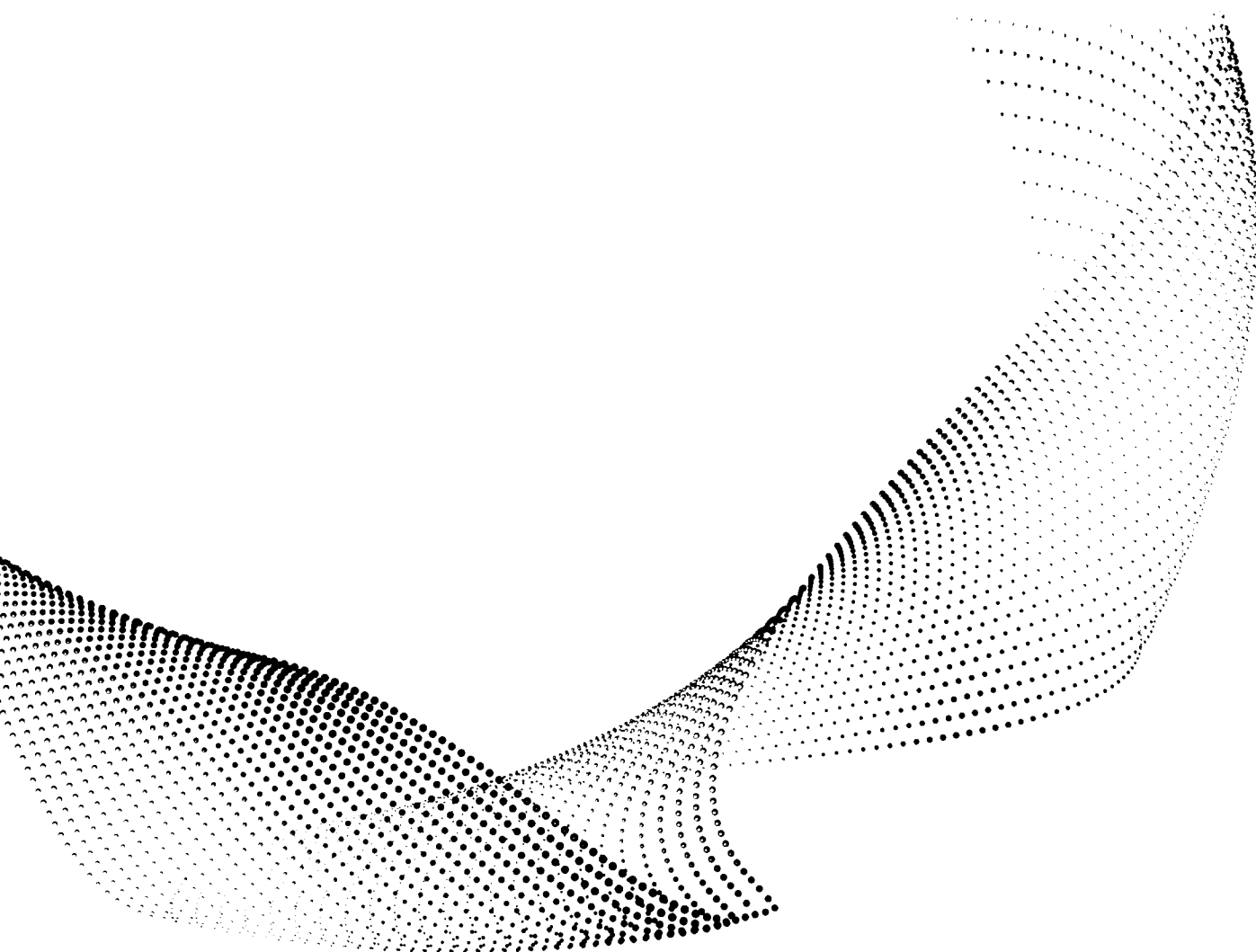
- Trading
- Creditors
- Any other case-specific matters

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

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

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

- where cumulative time costs are, and are expected to be, less than £10,000 the 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.



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