In accordance with Rule 18.8 of the Insolvency (England & Wales) Rules 2016.

WU07

Notice of progress report in a winding-up by the court

Companies House

FRIDAY

A7DZUDQB
A22 07/09/2018 #233
COMPANIES HOUSE

1 Company details

Company number	0 4 4 6 8 7 7 2
Company name in full	Wolverton Investments Limited

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

2 Liquidator's name

Full forename(s)	Elliot Harry
Surname	Green

3 Liquidator's address

Building name/number	Herschel House
Street	58 Herschel Street
Post town	Slough
County/Region	
Postcode	B e r k s h i r e ,
Country	

4 Liquidator's name ❶

Full forename(s)	
Surname	

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

5 Liquidator's address ❷

Building name/number	
Street	
Post town	
County/Region	
Postcode	
Country	

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

WU07

Notice of progress report in a winding-up by the court

6 Period of progress report

From date	d 2 2 m 0 8 y 2 0 1 7	
To date	d 2 1 m 0 8 y 2 0 1 8	

7 Progress report

	☑ The progress report is attached	

8 Sign and date

Liquidator's signature	Signature X  X	
Signature date	d 0 6 m 0 9 y 2 0 1 8	

WU07
Notice of progress report in a winding-up by the court

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	chris.lisle
Company name	Oury Clark
Address	Herschel House
	58 Herschel Street
Post town	Slough
County/Region	
Postcode	B e r k s h i r e
Country	
DX	
Telephone	01753 551111

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

Chartered Accountants

WOLVERTON INVESTMENTS LIMITED - IN LIQUIDATION ("THE COMPANY")

Company Number: 04468772
Registered Office: Herschel House, 58 Herschel Street, Slough, SL1 1PG
Trading Address: Humphreys Barn, Magdalen Laver, Ongar Essex, CM5 0ER

High Court of Justice 441 of 2011

Progress Report pursuant to Rule 18.3 of The Insolvency (England and Wales) Rules 2016

Period: 22 August 2017 to 21 August 2018

Important Notice

This progress report has been produced by the Liquidator of the Company to comply with his statutory duty to report to creditors on the progress of the liquidation.

Contents

7. Enclosures

7.1 Receipts and Payments Account
7.2 Breakdown of time costs for the Period
7.3 Detailed breakdown of time costs by category of work undertaken for the Period
7.4 Breakdown of time costs incurred since my appointment
7.5 Detailed breakdown of time costs by category of work undertaken since my appointment
7.6 Statement of Insolvency Practice Number 1
7.7 Statement of Insolvency Practice Number 2
7.8 Statement of Insolvency Practice Number 6
7.9 Insolvency Code of Ethics

TO ALL CREDITORS AND MEMBERS OF WOLVERTON INVESTMENTS LIMITED - IN LIQUIDATION ("THE COMPANY")

I refer to my appointment as Liquidator of the Company taking over the administration from the Official Receiver with effect from 22 August 2011 and write in order to provide a Progress Report pursuant to Rule 18.3 of the Insolvency (England and Wales) Rules 2016.

This Progress Report covers the period 22 August 2017 to 21 August 2018 ("the Period"). The Progress Report for the Period is broken down as follows:

1. Progress during the Period
2. Liquidator Remuneration
3. Disbursements
4. Creditor Rights to Challenging Liquidator Remuneration and Expenses
5. Liquidator's Duties and Execution of Functions
6. Other Matters
7. Enclosures

To assist creditors by affording greater transparency as to my duties and the way in which I would typically execute the same, at section 5 of the Progress Report the same is set out in some detail.

1. PROGRESS DURING THE PERIOD

1.1 Asset Realisation

(a) Realisation of known disclosed assets

The Official Receiver's report to creditors dated 27 May 2011 indicated the Company had an interest in freehold property with as estimated to realise value of £0.00.

(b) Further Asset Realisation

Please see the attached Receipts and Payments account for any realisations made during the Period.

Funds totalling £1,242.00 have been received in respect of the legal costs associated with a deed of covenant. Solicitors, Freeths LLP, were instructed on a time costs basis to assist with this matter and this is explained further in the Litigation section below.

There have been no further assets realisations during the Period.

The benefit to creditors of time spent realising assets assists to potentially increase funds which may be available for creditors.

The time costs incurred by me and my staff in undertaking this work in the Period are included within the enclosure at Section 7.2 of this report.

1.2 Information Gathering

As any Liquidator enters office as a relative stranger one of the significant aspects of the case will have been to obtain and where necessary reconstruct the books, papers and records of the Company. The benefit to creditors of this is explained in detail in Section 5 of this report as well as being necessary to assist with the investigations detailed below.

(a) Books and records

Prior to the Period I sought to retrieve the Company's books and records from the directors in order to review the same to investigate the Company's affairs. Books and records have been delivered to my office and the same has been reviewed to further investigate the Company's affairs.

(b) Accountants' files

Prior to the Period I requested the files of HW Fisher & Co in order to review the same to investigate the Company's affairs. Prior to the Period the files have been received and have been reviewed to investigate the Company's affairs.

(c) Solicitors' files

Prior to the Period I requested the files of Colman Coyle and Mullis & Peake LLP in order to review the same to investigate the Company's affairs. Files have been received and have been reviewed to investigate the Company's affairs.

(d) Banks' files

Prior to the Period I entered into correspondence with Allied Irish Bank to request the closure of the Company's bank accounts and for any closing balance to be remitted to the Liquidation estate. I had also requested the Company's transaction schedule, as well as any further correspondence the bank holds in respect of the Company.

Prior to the Period the information has been received from the bank.

The time costs incurred in undertaking this work in the Period are included within in the enclosure at Section 7.2 of this report.

1.3. Investigations

During the Period I have been contacted by a third party requesting removal of a restriction in the name of the Company over a property. I have instructed solicitors, Freeths LLP, on a time costs basis in relation to the same. This matter is ongoing.

The rationale for the investigations is explained in some detail in Section 5 of this report in terms of the potential benefit to creditors.

The time costs incurred by me and my staff in undertaking this work in the Period are included within the enclosure at Section 7.2 of this report.

1.4. Litigation

As stated in my previous progress report dated 4 October 2017, I was involved with proceedings in relation to transactions involving associated parties and as previously mentioned the application was unsuccessful.

As stated in the asset realisation section above my solicitors, Freeths LLP, were instructed on a time costs basis to assist with regards to the release of a restriction in the Company's name over a property. Funds of £1,242.00 were received to cover the costs of the same and legal fees totalled £72.40 plus VAT of £14.48 and disbursements totalled £994.27 plus VAT of £160.85.

My solicitors remain instructed in relation to a further restriction in the Company's name that is referred to in the investigation section above.

The time costs incurred by me and my staff in undertaking this work in the Period are included within the enclosure at Section 7.2 of this report.

1.5. Outstanding Matters

I am continuing to attend to legal issues in the case.

1.6. Financial Benefit and Dividend Prospects

At this moment in time I am unable to speculate on the proposed financial benefit that this work will provide to creditors.

There are currently no funds available for a distribution to creditors in this matter.

1.7. Statutory, Regulatory and Administrative Work

As the administration of a Liquidation is a developing process, the following will not necessarily be a comprehensive list of the actions. During the Period I have carried out a number of statutory duties which will usually have included the following:

Statutory

(a) Issuing statutory notifications to creditors including notification of appointment.
(b) Calculating the insolvency practitioners bond and submitting the Bordereau in accordance with Section 390 of the Insolvency Act 1986 and reviewing and updating the level of bond when necessary.
(c) Preparing for submission to HM Revenue & Customs form VAT426.
(d) Settling expenses incurred in the liquidation.
(e) Carrying out all necessary investigations in order to enable me to prepare reports to creditors on an annual basis.
(f) Convening and holding general meetings of creditors and members.
(g) Preparing reviewing and issuing annual Progress Reports to creditors and members.
(h) Filing statutory Returns at Companies House.

Regulatory

(a) Carrying out investigations as required by the Insolvency Act 1986 and as set out in the Best Practice Guidelines of SIP2.
(b) Administering six monthly case reviews to monitor case progression.
(c) Opening, maintenance and managing the office holder's estate bank account and cash book.

Administrative

(a) Setting up physical and electronic case files.
(b) Setting up the case on the practices electronic case management system and entering the data.
(c) Dealing with all routine correspondence and emails relating to the case and giving instructions to the staff to undertake the work.
(d) Undertaking regular bank reconciliations of the bank account containing estate funds.
(e) Overseeing and controlling the work done on the case by case administrators.
(f) Preparing for submission to HM Revenue & Customs Corporation Tax Returns.

The time costs incurred by me and my staff in undertaking this work in the Period are included within the enclosure at Section 7.2 of this report.

1.8. Creditor Claims

All claims that have been received have been noted on the case and creditors should note that adjudication will take place if I am in a position to issue a dividend to such a class of creditor. Time has been spent in dealing with creditors enquiries will have been both by correspondence and by telephone.

Secured Creditors

AIB Group (UK) PLC appears to hold fixed and floating charges over the Company's assets. Sean McCarroll and Connexions (UK) PLC appear to hold legal charges.

Prescribed Part

Section 176A(1)(a) requires me as Liquidator to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the cost of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

As Liquidator I will not be required to set aside the prescribed part if:

- The net property is less than £10,000 and think that the cost of distributing the prescribed part would be disproportionate to the benefit;
- Or if the net property is more than £10,000, if the provision is dis-applied by the court on the application of the liquidator on cost-benefit grounds.
- Or if the charge was created before 15 September 2003.

There are currently no funds available to creditors and as such I estimate the prescribed part is £0.00.

Preferential Creditors

The Company appears to have no preferential creditors.

Unsecured Creditors

Unsecured creditors' claims have been received totalling £2,571,131.26 compared to the Official Receiver's report to creditors which disclosed £1,687,290.00 in the way of known liabilities. For the avoidance of doubt, the claims of creditors have not been adjudicated.

The time costs incurred by me and my staff in undertaking this work in the Period are included within the enclosure at Section 7.2 of this report.

The benefit to creditors of this work is, amongst other things, to ensure that creditors in the correct amounts have the prospect of benefitting from any distribution to creditors.

1.9 Unrealised Assets

I am not aware of any further assets that remain to be realised.

2 LIQUIDATOR REMUNERATION

At a meeting of creditors convened on 11 October 2011 the Company's creditors approved my remuneration on a time costs basis.

The table below sets out the bandings for my applicable charge out rates:

	From 1 July 2013 £ Per Hour
Partner	300 to 450
Manager	200 to 300
Senior Administrator	150 to 200
Administrator	112 to 160
Secretarial Staff	72 to 104

Enclosed with this Progress Report is a breakdown of time costs incurred by my staff and I in attending to the administration of the Company's estate during the Period. These time costs total £7,191.40 in respect of 38.5 hours at an average hourly rate of £186.79.

I have also attached a breakdown of my time costs since the date of my appointment on 22 August 2011. These costs total £155,942.70 in respect of 598.7 hours at an average hourly rate of £260.47.

There have been insufficient realisations for me to draw any remuneration to date.

I attach to this report a detailed breakdown of my time costs to date by category of work undertaken. The following table illustrates how the time shown on this detailed breakdown is categorised:

Category	Category Code
Administration and Planning	100-199
Investigations	200-299
Realisation of Assets	300-399
Creditors	500-599

A summary of the work carried out in each category is provided below.

2.1 Administration & Planning

This category would include such tasks as general correspondence, correspondence with banks, accountants and other third parties to retrieve their files in respect of the Company, the preparation of the Company's corporation tax returns and cashiering matters as well as statutory requirements that I am obliged to undertake pursuant to the Insolvency Act 1986 and associated legislation.

This category will also include the day-to-day administration of the liquidation estate, the performance of bank reconciliations and compliance reviews, the banking of cheques and maintenance of accurate financial records for the estate, applications for VAT refunds and the filing and retrieval of documents from archive.

"Emails" will involve a wide number of matters across many work categories including but not limited to correspondence with agents, solicitors, directors, accountants and banks as well as internal correspondence relating to the planning of the case and delegation of tasks.

"Internal Memo" involves correspondence between members of my office relating to the administration and investigation of the Company's affairs.

2.2 Investigations

This category will include correspondence with banks, accountants and other third parties in relation to their dealings with the Company and the review of any files or information received which may relate to the Company's affairs. It will also involve correspondence with the Company's directors and their solicitors, where relevant.

This category will also include the review of the Company's bank records for payments made to or on behalf of any connected entities, including directors, and will where applicable include correspondence with solicitors instructed by me.

2.3 Realisations of Assets

This category would include work undertaken in order to attempt to realise any assets of the Company, including correspondence with agents and solicitors under my instruction. In addition, it will include the preparation and review of witness statements and court applications.

2.4 Creditors

This category would include preparing statutory progress reports, taking telephone calls from creditors, dealing with incoming correspondence from creditors, and holding any creditor meetings.

A copy of the guide for creditors can be requested from my office and includes details on office holder remuneration. Alternatively this guide may also be accessed along with the latest version of Statement of Insolvency Practice Number 9 ("SIP 9") (England and Wales) at the R3 website:

https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice/e-and-w

SIP 9 can also be accessed at our website http://www.ocinsolvency.com/ in the Technical Information section. If for any reason neither of those links work, then alternatively you should be able to obtain the SIP 9 from the following: http://www.icaew.com/technical/insolvency/insolvency-regulations-and-standards/statements-of-insolvency-practice-sips-england.

3 DISBURSEMENTS

I have incurred the following disbursements on account in the Period, these have not been drawn from estate funds:

3.1 Legal Fees £195.00

4 CREDITOR RIGHTS TO CHALLENGING LIQUIDATOR REMUNERATION AND EXPENSES

Creditors are entitled under Rule 18.9 of the Insolvency (England and Wales) Rules 2016, within 21 days of the receipt of this report (secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or any unsecured creditor

with the permission of the court) to request further information from me regarding my remuneration and expenses which have been detailed in this Account.

Pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016 creditors (secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or any unsecured creditor with the permission of the court) have a right to challenge my remuneration and expenses via application to Court on the grounds that the remuneration charged or the expenses incurred by me as set out in this report are, in all the circumstances, excessive or, the basis fixed for remuneration is inappropriate. The same must be made no later than 8 weeks after receipt of the relevant report.

5 LIQUIDATOR'S DUTIES AND EXECUTION OF FUNCTIONS

5.1 Liquidator Duties

I have a number of statutory duties which apply as follows:

5.1.1 Duty to call meetings when requisitioned in accordance with the Insolvency Rules.

5.1.2 Duty of notification via advertisement of the appointment and the convening of *creditors meetings*.

5.1.3 Duty to provide annual progress reports to creditors and file the same at Companies House.

5.1.4 Duty to provide information to the Official Receiver.

5.1.5 Duty to collect the Company's assets.

5.1.6 Duty to realise assets and discharge liabilities.

5.1.7 Duty to discover who the creditors of the Company are and the amount of their claims.

5.1.8 Duty to meet the prescribed requirements for the provision of security (referred to as a bond) for certain types of losses in relation to the insolvent estate.

5.1.9 Duty to manage and administer the insolvent estate and its funds.

It is the primary duty of a liquidator of a company to collect its assets with a view to discharging its liabilities to the extent the assets permit. To perform that function the liquidator needs information. The companies legislation has for many years given a liquidator power to obtain it from those who can be expected to have relevant information.

I am obliged under Section 144 of the Insolvency Act 1986 to take into my custody and control the Company's property, which includes its books, papers and records as defined in Section 436 of the Insolvency Act 1986.

A Liquidator enters office as a relative stranger to the Company and I am required pursuant to SIP 2 to investigate and reconstitute knowledge of the Company. SIP 2 states as follows:

"...an office holder has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made... locate the company's books and records (in whatever form), and ensure that they are secured..."

A full copy of SIP 2 can be downloaded from the Technical section of www.ocinsolvency.com.

In the satisfaction of reconstituting knowledge of the Company I am obliged to consider any claims capable of swelling the Company's assets. I would therefore need to seek to identify, discover and recover the Company's property. To undertake that exercise I will need to obtain the books and records for the Company from its Officers and if relevant its agents. Whilst there are many and varied statutory functions of a liquidator, obtaining the books and records is important as in some cases without the same it can be difficult to identify the assets with sufficient specificity to produce any recoveries.

This is a compulsory liquidation and therefore pursuant to Section 143 of the Insolvency Act 1986 I have a duty to furnish and assist the Official Receiver with such information as may be reasonably required for the purposes of carrying out his or her functions in relation to the winding up. I am also obliged pursuant to Section 218 of the Insolvency Act 1986 to report to the Official Receiver any apparent criminal offences in relation to the Company by any past or present officer or any member of the Company.

5.2 Books and Records

By virtue of Section 386(3) of the Companies Act 2006 the Company's accounting records should have contained daily entries confirming details of all monies received and paid by the Company. In addition the same should have contained a record of the assets and liabilities of the Company.

Without this information I may be unable to independently verify what assets both exist and or should exist and only be in a position to collect disclosed assets.

5.3 Fulfilling the Liquidator's Functions

This is a compulsory liquidation and I have not had any prior dealings and or introduction to the Company through its Directors. Ordinarily it will be necessary for me to conduct an information gathering exercise to ideally obtain the books and records and also where possible to obtain the Director's cooperation via completion of a questionnaire to obtain data on the Company.

There are usually a number of sources of the Company's books, papers and records as follows:

5.3.1 the Company's officers such as its Directors;

5.3.2 the Company's accountants who may and often will have acted as its tax agents;

5.3.3 the Company's bankers who may and often will have acted as its agents in the processing of transactions;

5.3.4 the Company's solicitors who may have acted as agents.

Accordingly, I would usually aim to call up the files of the Company from those typical sources. Often the information gathering process is time consuming with entitlement to information a point often debated.

Once information is obtained it would usually be catalogued and then reviewed to investigate the Company's affairs, dealings and property.

If there are any matters that arise from a review of the same that lead me to not have a satisfactory understanding of the Company's financial affairs or information is incomplete, then it may be necessary for me to interview some or all of the Directors. Investigations generally may well involve contacting third parties as part of the process of unscrambling the Company's dealings.

My investigations into the Company's affairs will generally have regard to any transactions or trading that appear capable of giving rise to greater realisations for creditors. The provisions under the Insolvency Act 1986 and Companies Act 2006 which may enable me as Liquidator to effect the same would include but not necessarily be limited to the following:

- Section 212 of the Insolvency Act 1986 - Misfeasance and Breach of Duty
- Section 213 of the Insolvency Act 1986 - Fraudulent Trading
- Section 214 of the Insolvency Act 1986 - Wrongful Trading
- Section 238 of the Insolvency Act 1986 - Transactions at an Undervalue
- Section 239 of the Insolvency Act 1986 - Preferences
- Section 423 of the Insolvency Act 1986 - Transactions defrauding creditors
- Section 847 of the Companies Act 2006 - Unlawful Dividends

Directors owe companies fiduciary duties and as a result of their duty of loyalty, to act within their powers, avoid conflicts of interest and to promote the success of the Company, they have a duty to disclose any of the above that give rise to a breach of those duties.

If any creditor is aware or becomes aware of the existence of any transactions or trading that they consider to be consistent with the above or of concern generally, then please contact my office to afford me details of the same for my consideration.

6 OTHER MATTERS

Should any Creditor reasonably require further particulars in relation to any aspect of the conduct of my administration then please submit such requests in writing to this office. The same will be considered and if appropriate further information may be furnished such that you may reasonably require the same.

Insolvency Code of Ethics

As I am an insolvency practitioner, by virtue of Statement of Insolvency Practice Number 1 (copy enclosed), which can be viewed with reference to *https://www.gov.uk/government/collections/statements-of-insolvency-practice-for-insolvency-practitioners*, I should inform creditors that I am bound by the Insolvency Code of Ethics (copy enclosed), which can be viewed with reference to *https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics* when carrying out all professional work relating to an insolvency appointment. I should if requested, provide details of any threats identified to compliance with the fundamental principles (Integrity, Objectivity, Professional competence and due care, Confidentiality and Professional behaviour) and safeguards applied. If any creditor considers that there is any threat (perceived or otherwise) to such compliance then I would be grateful if they could contact me in writing and notify me accordingly of their considered view in respect of the same.

A liquidator has a duty to be efficient, vigorous and unbiased.

Complaints

If you have a complaint my firm has a complaints procedure whereby you can write to the firm's complaints Partner, Derrick Smith at Herschel House, 58 Herschel Street, Slough, SL1 1PG. If Mr Smith is unable to deal with your complaint to your satisfaction then you can progress your complaint through the Insolvency Service Gateway which can be found at https://www.gov.uk/complain-about-insolvency-practitioner.

In relation to any internet links identified above which appear for any reason to be out of date please contact my office and I shall be happy to afford you details of any updated link in order that such documents can be accessed.

I enclose for your convenience the following:

- Insolvency Practitioner Code of Ethics.
- Statement of Insolvency Practice Number 1.
- Statement of Insolvency Practice Number 2.

7 ENCLOSURES

The following are enclosed for your attention:

7.1 Receipts and Payments Account.

7.2 Breakdown of time costs for the Period.

7.3 Detailed breakdown of time costs by category of work undertaken for the Period.

7.4 Breakdown of time costs incurred since my appointment.

7.5 Detailed breakdown of time costs by category of work undertaken since my appointment.

7.6 Statement of Insolvency Practice Number 1.

7.7 Statement of Insolvency Practice Number 2.

7.8 Statement of Insolvency Practice Number 6.

7.9 Insolvency Code of Ethics.

Any queries with regard to this Progress Report must be submitted in writing to this office quoting my full reference.

Yours faithfully

E H Green
Liquidator
Licensed by the Institute of Chartered Accountants in England & Wales
(Insolvency Practitioner Number 9260)

6 September, 2018

Wolverton Investments Limited
(In Liquidation)

Liquidator's Summary of Receipts and Payments

	Statement of affairs £	From 22/08/2017 To 21/08/2018 £	From 22/08/2011 To 21/08/2018 £
RECEIPTS			
Costs re Deed of Covenant		1,242.00	1,242.00
Furniture & Equipment		0.00	3,350.00
Insurance Premium Refund		0.00	1,225.95
		1,242.00	5,817.95
PAYMENTS			
Agents/Valuers Fees		0.00	3,350.00
Legal Fees		72.40	72.40
Legal Disbursement		994.27	994.27
Secretary of State Fee		88.00	1,835.00
		1,154.67	6,251.67
BALANCE - 21 August 2018		**87.33**	**(433.72)**
MADE UP AS FOLLOWS			
ISA		87.33	(433.72)
		87.33	(433.72)

Elliot Harry Green
Liquidator

SIP 9 - Time & Cost Summary

Period: 22/08/17..21/08/18

Time Summary

	Hours						
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average hourly rate (£)
Administration & planning	2.00	0.00	0.00	13.70	15.70	2,767.40	176.27
Investigations	0.00	0.00	0.00	9.20	9.20	1,480.00	160.87
Realisations of assets	0.10	0.00	0.00	0.00	0.10	45.00	450.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	2.30	0.00	0.00	11.20	13.50	2,899.00	214.74
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	4.40	0.00	0.00	34.10	38.50	7,191.40	186.79
Total Fees Claimed						0.00	

Sub Analysis in Period

104	Reviews	2.30	699.00
106	General Correspondence	0.30	45.00
108	Case Closure	0.10	16.00
111	Other	5.60	582.40
113	Our solicitors correspondence	0.30	135.00
117	Internal Memo	0.50	225.00
118	Cashbook / Cashier / Cheque Matters	1.30	208.00
121	Filing	3.00	474.40
123	WIP and SIP9 Breakdown Reconciliations	1.50	240.00
125	Corporation Tax Return	0.30	56.00
135	HMRC Correspondence	0.40	41.60
136	Companies House Correspondence	0.10	45.00
205	Review Accountants Files	2.20	352.00
206	Review Company Records	6.10	976.00
215	Our solicitors correspondence	0.20	40.00
226	Internal Discussion	0.70	112.00
310	Our solicitors correspondence	0.10	45.00
500	Creditors	3.60	576.00
503	Creditors Reports	9.70	2,291.00
512	Correspondence with creditors	0.20	32.00
		38.50	7,191.40

SIP 9 - Time & Cost Summary

Period: 22/08/11..21/08/18

Time Summary

Classification of work function	Hours					Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	88.50	3.10	10.60	184.40	286.60	65,650.60	229.07
Investigations	57.60	5.50	29.50	67.20	159.80	39,965.00	250.09
Realisations of assets	82.90	0.00	0.80	3.80	87.50	37,717.70	431.06
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	9.40	4.20	3.10	48.10	64.80	12,609.40	194.59
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	238.40	12.80	44.00	303.50	598.70	155,942.70	260.47
Total Fees Claimed						0.00	

Sub Analysis in Period

000	Non Analysed	0.20	30.00
100	Admin & Planning	9.30	1,084.20
101	Reviewing Incoming Correspondence	0.60	77.80
102	Telephone Calls	16.70	2,779.00
103	Bank Reconciliations	0.30	37.00
104	Reviews	38.20	8,351.80
106	General Correspondence	33.20	7,828.20
107	Case Opening	11.70	1,383.20
108	Case Closure	0.10	16.00
110	IPS Diary Update	0.50	72.00
111	Other	23.70	3,034.80
112	Incoming correspondence	1.20	241.10
113	Our solicitors correspondence	34.80	12,941.50
114	Instruction to agents / valuers	0.30	118.50
115	Instructions to solicitors	5.10	2,265.00
116	Official Receiver correspondence	0.60	164.50
117	Internal Memo	16.40	6,801.00
118	Cashbook / Cashier / Cheque Matters	8.20	1,257.50
119	Correspondence with Debtor/Director	0.20	60.00
120	Emails	27.60	8,378.60
121	Filing	28.60	3,996.20
123	WIP and SIP9 Breakdown Reconciliations	6.00	915.00
124	Internal discussion	2.30	487.50
125	Corporation Tax Return	1.90	272.00
126	VAT Returns	0.20	22.00
128	Review of case administrators work	8.30	1,273.00
130	Archiving	4.60	691.00
131	Amend Audio Typing	1.40	295.00
133	Specific Bond	1.10	169.00
135	HMRC Correspondence	1.10	137.40
136	Companies House Correspondence	1.20	320.80
137	Our Bank Correspondence	1.00	150.00
200	Investigations	2.20	385.00
201	Correspondence With Banks	3.00	482.20
202	Correspondence With Solicitors	8.80	2,028.00
203	Correspondence With Accountants	7.40	1,909.00
204	Review Solicitors Files	0.90	180.00
205	Review Accountants Files	7.80	1,559.00
206	Review Company Records	38.40	6,203.60
209	Interview Company Directors	4.40	521.60
211	Review Of Case Law/Legislation	1.00	450.00
212	Conference With Counsel	3.20	1,374.00
213	Other	9.80	2,639.60
214	Incoming correspondence	4.00	869.50
215	Our solicitors correspondence	51.30	16,960.80
218	Official Receiver correspondence	0.70	63.20
220	Correspondence with Debtor / Director	1.90	482.70
221	Telephone Calls	7.30	1,383.40
222	Land Registry and Property Searches	0.60	90.00
223	Companies House Searches	0.20	40.00
224	Drafting 236 or 366 proceedings	2.00	790.00
226	Internal Discussion	0.70	112.00
227	Review of case administrators work	0.50	112.50
228	Internal Emails	2.70	1,016.90
229	Enquiry and Investigation Correspondence	1.00	312.00
301	Correspondence With Agents	1.80	672.00
303	Draft Witness Statements	3.80	1,608.00

305	Review Of Witness Statements	24.10	10,845.00
307	Conference With Counsel	2.80	498.80
308	Other	0.10	45.00
310	Our solicitors correspondence	32.70	14,208.90
312	Instructions to solicitors	1.00	450.00
313	Internal Memo	0.10	45.00
315	Telephone Calls	0.50	225.00
316	Court Attendance / Hearing	20.00	9,000.00
320	Sanction Application	0.60	120.00
500	Creditors	4.20	666.00
501	Proofs Of Debt	3.10	443.60
502	Proxies	0.10	11.00
503	Creditors Reports	36.80	6,338.20
504	Telephone Calls With Creditors	5.20	1,945.30
505	Creditors Enquiries/Response	4.20	1,118.00
506	Creditors Meetings	0.60	75.00
509	Incoming correspondence	0.70	150.00
512	Correspondence with creditors	9.90	1,862.30
		598.70	155,942.70

STATEMENT OF INSOLVENCY PRACTICE 1
ENGLAND AND WALES

AN INTRODUCTION TO STATEMENTS OF INSOLVENCY PRACTICE

Purpose and principles

1 The purpose of Statements of Insolvency Practice (SIPs) is to promote and maintain high standards by setting out required practice and harmonising the approach of insolvency practitioners to particular aspects of insolvency practice. They apply in parallel to the prevailing statutory framework.

2 SIPs should be read in conjunction with the wider fundamental principles embodied in the Insolvency Code of Ethics and should be applied in accordance with the spirit of that Code. A literal interpretation of a SIP may not be appropriate where it would be contrary to the fundamental principles of the Code.

3 The fundamental principles are:

- **Integrity**

  An insolvency practitioner should be straightforward and honest in all professional and business relationships.

- **Objectivity**

  An insolvency practitioner should not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

- **Professional competence and due care**

  An insolvency practitioner has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. An insolvency practitioner should act diligently and in accordance with applicable technical and professional standards when providing professional services.

- **Confidentiality**

  An insolvency practitioner should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the insolvency practitioner or third parties.

- **Professional behaviour**

  An insolvency practitioner should comply with relevant laws and regulations and should avoid any action that discredits the profession. Insolvency practitioners should conduct themselves with courtesy and consideration towards all with whom they come into contact when performing their work.

4 An insolvency practitioner who becomes aware of any insolvency practitioner who they consider is not complying or who has not complied with the relevant laws and regulations and whose actions discredit the profession, should report that insolvency practitioner to the

complaints gateway operated by the Insolvency Service or to that insolvency practitioner's recognised professional body.

5 In addition, insolvency practitioners should ensure that their acts, dealings and decision making processes are transparent, understandable and readily identifiable, where to do so does not conflict with any legal or professional obligation. An insolvency practitioner should inform creditors at the earliest opportunity that they are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The insolvency practitioner should, if requested, provide details of any threats identified to compliance with the fundamental principles and the safeguards applied. If it is not appropriate to provide such details, the insolvency practitioner should provide an explanation why.

Regulatory status

6 SIPs set principles and key compliance standards with which insolvency practitioners are **required** to comply. Failure to observe the principles and/or maintain the standards set out in a SIP is a matter that may be considered by a practitioner's regulatory authority for the purposes of disciplinary or regulatory action in accordance with that authority's membership and disciplinary rules.

7 Insolvency practitioners should evidence their compliance with SIPs and should, therefore, document their strategies and decision making processes appropriately.

8 SIPs set out required practice, but they are not statements of the law or the obligations imposed by insolvency legislation itself. Where an insolvency practitioner is in doubt about any obligation imposed upon them by a SIP, they should obtain appropriate guidance.

9 SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities, acting through the Joint Insolvency Committee. They apply to practitioners authorised by each of the bodies listed below:

Recognised Professional Bodies:

- The Association of Chartered Certified Accountants
- The Insolvency Practitioners Association
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants of Scotland
- The Law Society
- The Law Society of Northern Ireland
- The Law Society of Scotland

Competent Authorities:

- The Insolvency Service for the Secretary of State
- The Insolvency Service, Department of Enterprise, Trade & Investment

10 No liability attaches to any body or person that prepares, issues or distributes SIPs. The obligation to comply with SIPs rests solely upon the insolvency practitioner, as does any liability arising from any failure to do so.

Effective Date: 1 October 2015

STATEMENT OF INSOLVENCY PRACTICE 2
ENGLAND AND WALES

INVESTIGATIONS BY OFFICE HOLDERS IN ADMINISTRATIONS AND INSOLVENT LIQUIDATIONS AND THE SUBMISSION OF CONDUCT REPORTS BY OFFICE HOLDERS

Introduction

1. In any corporate insolvency there may be concerns regarding the way in which the business was conducted, how trading was controlled, whether proper decisions were made at the time, and whether assets have been sold at an under-value or otherwise dissipated. The way in which directors have acted may also be criticised by third parties.
2. Both an administrator and a liquidator of an insolvent entity have a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. Each of the above matters gives rise to the need for an office holder to carry out appropriate investigations, in order to satisfy the specific duties of the office holder and to allay, if possible, the legitimate concerns of creditors and other interested parties. This statement deals specifically with the investigations of an office holder in administration or insolvent liquidation.
3. Additionally, an administrator, liquidator, administrative receiver or receiver in Scotland may have a duty to report to the Secretary of State or, in Northern Ireland the Department of Enterprise, Trade and Investment (DETI) on the conduct of those that formerly controlled the company. This statement also deals with these obligations.

Principles

4. This statement has been produced in recognition of the principles that:
   a) An office holder should carry out investigations that are proportionate to the circumstances of each case.
   b) An office holder should report clearly on the steps taken in relation to investigations, and the outcomes.
   c) Conduct reports and any subsequent new information should be submitted in a timely manner, noting the expectation that extensions to the statutorily prescribed period will only be considered in exceptional circumstances.

Key compliance standards

Seeking information

5. The information available to an office holder upon appointment will vary from case to case depending on the extent of the office holder's prior involvement with the company, the publicity surrounding the insolvency, the quality and completeness of the company's books and records, and whether there has been a meeting of creditors. The office holder should locate the company's books and records (in whatever form), and ensure that they are secured, and listed as appropriate.

6. In every case, the office holder should invite creditors to provide information on any concerns regarding the way in which the company's business has been conducted, and on potential recoveries for the estate, both:

a) at any meeting of creditors at which the office holder's appointment is made or confirmed, or, in other cases, at any later meeting convened by the office holder; and

b) in the first communication sent to creditors by the office holder.

7. A similar invitation should also be extended to the members of any creditors' committee, upon or soon after the formation of the committee, and to any predecessor in office.

8. An office holder should always have in mind the need to ascertain, and if necessary investigate, what assets can be realised. Enquiries should encompass whether prior transactions by the company, or the conduct of any person involved with the company, could give rise to an action for recovery under the relevant legislation.

Initial assessment

9. Notwithstanding any shortage of funds, an office holder should consider the information acquired in the course of appraising and realising the business and assets of a company, together with any information provided by creditors or gained from other sources, and decide whether any further information is required or appropriate. The office holder should make enquiries of the directors and senior employees, by sending questionnaires and/or interviewing them, as appropriate.

10. In every case, an office holder should make an initial assessment as to whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate.

11. An office holder should determine the extent of the investigations in the circumstances of each case, taking account of the public interest, potential recoveries, the funds likely to be available, either from within the estate and/or from other sources, to fund an investigation, and the costs involved.

Further steps to be taken

12. An office holder may conclude that there are matters (for example, the conduct of management, prior transactions susceptible to challenge, or the consequences of possible criminal offences) that require early investigation, either as a matter of public policy or because there are real prospects of recoveries for the estate. It is for the office holder to decide whether investigation and subsequent legal action should proceed as quickly as possible, without consultation with, or sanction by, creditors or a creditors' committee (but subject to any statutory requirement to obtain sanction).

13. In other cases, the office holder may decide that further investigation and legal action should be carried out only after consultation or with sanction, in particular where the office holder concludes that the outcome is uncertain and the costs that would be incurred would materially affect the funds available for distribution. In such cases, the office holder may consult with major creditors (if that is appropriate) or convene a meeting of the creditors' committee or the creditors to discuss any proposals for investigation and/or action. Alternatively, consultation and approval can be carried out/sought by written resolution.

14. Any proposals should include sufficient information (subject to considerations of privilege and confidentiality) to enable an informed decision to be made by those consulted, and are likely to include the costs that could be incurred and the possible range of returns to creditors.

15. There may be circumstances where there are clearly insufficient funds to carry out a detailed investigation or to take action for recovery of assets, and an office holder should consider whether it is appropriate to seek funding from creditors or others.

Reporting to creditors

16. Creditors should be given information regarding investigations, any action being taken, and whether funding is being provided by third parties; disclosure would be subject to

considerations of privilege and confidentiality and whether investigations and litigation might be compromised.

17. The times at which information is provided to creditors will vary from case to case, but as a minimum an office holder should:

    a) include within the first progress report a statement dealing with the office holder's initial assessment, whether any further investigations or action were considered, and the outcome; and

    b) include within subsequent reports a statement dealing with investigations and actions concluded during the period, and those that are continuing.

Record keeping

18. An office holder should document, at the time, initial assessments, investigations and conclusions, including any conclusion that further investigation or action is not required or feasible, and also any decision to restrict the content of reports to creditors.

Conduct reporting requirements

19. The office holder should base any conduct report on information coming to light in the ordinary course of their enquiries and is not required to carry out investigations specifically for the purpose of fulfilling their statutory reporting obligations. The submission of conduct reports is one of the statutory duties that automatically fall upon the office holder and, as such, must be complied with notwithstanding any shortage of funds.

20. If the office holder has not already interviewed the subject of the conduct report, the office holder may consider seeking a meeting with the subject, with a view to confirming the office holder's understanding of the facts.

21. An office holder should be mindful that the content of conduct reports are prepared for the purpose of the Secretary of State and DETI discharging their statutory functions and should not be disclosed to third parties.

22. Notwithstanding the confidential nature of conduct reports, office holders should be mindful that there may be circumstances in which the content of a conduct report is made available to the subject, or potentially others. Should the subject of a conduct report request disclosure, an office holder should contact the Secretary of State or DETI (as appropriate) as soon as a request is received in order to consider whether any factors apply that may result in an exemption from disclosure being applicable. Office holders should be aware that the subject may make a disclosure request directly to the Secretary of State or DETI (as appropriate), which will usually result, (after appropriate redactions) in a copy being provided to them. Additionally, conduct reports may be disclosed by Secretary of State or DETI to other Regulatory Authorities, where disclosure is considered to be in the public interest. An office holder should also bear in mind that, if disqualification proceedings are brought, the conduct report will usually be made available to the subject during the disclosure process.

23. When reporting on conduct or providing new information, the office holder should highlight whether recovery proceedings have or may be commenced against the subject of the report, as this may have an impact upon any decision taken by the Secretary of State or DETI (as appropriate) to seek a compensation order or undertaking.

Other reporting requirements

24. An office holder should report possible offences disclosed during the course of their investigations to the relevant authorities.

Effective Date: 6 April 2016

Statement of Insolvency Practice 6

England and Wales

DEEMED CONSENT AND DECISION PROCEDURES IN INSOLVENCY PROCEEDINGS

INTRODUCTION

1. Insolvency practitioners play a key role in ensuring that persons entitled to participate in the making of decisions are able to make informed decisions and that their participation is properly facilitated. Stakeholder involvement in the making of decisions is essential to the maintenance of trust and confidence in insolvency proceedings.

2. This Statement of Insolvency Practice applies to the use of deemed consent and qualifying decision procedures conducted under the Insolvency Act 1986 (as amended) and applies in England and Wales only.

PRINCIPLES

3. An insolvency practitioner should facilitate participation in deemed consent and decision procedures by those stakeholders with an entitlement to participate.

4. An insolvency practitioner should take reasonable steps to ensure that those entitled to participate in deemed consent and decision procedures are treated fairly and able to participate on an informed basis.

5. Requests for additional information should be viewed upon their individual merits and treated by an insolvency practitioner in a fair and reasonable way. The provision of additional information should be proportionate to the circumstances of the case.

6. The formal record of a deemed consent or decision procedure should be an accurate and contemporaneous record, sufficient to explain the business conducted and the basis upon which any discretion was exercised.

KEY COMPLIANCE STANDARDS

Provisions of General Application

7. Information supplied in connection with a deemed consent or decision procedure should be presented in a manner which is transparent, consistent and useful to prospective participants, whilst being proportionate to the circumstances of the case.

8. An insolvency practitioner should have procedures in place to ensure that any deemed consent or decision procedure used is subject to sufficient and proportionate safeguards against participation by persons who are not properly entitled to participate.

9. When determining the authenticity of a prospective participant's authority to participate in a decision procedure, the insolvency practitioner should exercise their reasonable professional judgement to facilitate the participation of those who appear to be properly entitled.

Provisions of Specific Application - CVL

10. Where an insolvency practitioner is assisting in the obtaining of deemed consent or the convening of a decision procedure, the insolvency practitioner should take reasonable steps to ensure that:

    a) the convener is made fully aware of their duties and responsibilities;

    b) that the instructions to the insolvency practitioner to assist are adequately recorded;

    c) the convener and /or chair is informed that it may be appropriate for them to obtain independent assistance in determining the authenticity of a prospective participant's authority or entitlement to participate and the amount for which they are permitted to do so, in the event these are called into question.

11. An insolvency practitioner should disclose the extent of their (and that of their firm and/or associates) prior involvement with the company or its directors or shareholders, any threats identified to compliance with the fundamental principles of the Insolvency Code of Ethics, and the safeguards applied to mitigate those threats. This disclosure should be made with the notices convening the deemed consent or decision procedure.

12. An insolvency practitioner should seek to ensure that the information available in advance of a deemed consent or decision procedure for the purposes of appointing a liquidator facilitates the making of an informed decision by those that are entitled to participate. Key information likely to be of interest to prospective participants (in addition to that required by statute), will commonly be:

    a) the date of the instructions to the insolvency practitioner to assist in the deemed consent or decision procedure and by whom those instructions were given;

    b) disclosure of any amounts paid by or on behalf of the company in respect of those instructions and to whom they were paid;

    c) a summary of the company's relevant trading activity and financial history, which would typically include (but may not be limited to):

        i) an explanation of the causes of the company's failure;

        ii) the name(s) and company number(s) of parent, subsidiary and associated companies;

        iii) extracts from the company's recent accounts (whether or not filed);

        iv) an explanation of any material transactions conducted in the preceding 12 months, other than in the ordinary course of business.

    d) By way of explanation of a statement of the company's affairs:

        i) a deficiency account reconciling the position shown by the most recent balance sheet to the deficiency in the statement of affairs;

        ii) the names and professional qualifications of any valuers whose valuations have been relied upon for the purpose of the statement of affairs and a summary of the basis of valuation adopted.

    Any information should ordinarily be available, on request, not later than the business day prior to the decision date and may be made available via a website.

13. An insolvency practitioner should not accept instructions to assist in a procedure for the purpose of winding up a company unless that practitioner reasonably believes that a liquidator will be appointed.

Effective Date: 1 January 2018

The Insolvency Service

INSOLVENCY CODE OF ETHICS

LIST OF CONTENTS

Definitions

Authorising body	A body declared to be a recognised professional body or a competent authority under any legislation governing the administration of insolvency in the United Kingdom.
Close or immediate family	A spouse (or equivalent), dependant, parent, child or sibling.
Entity	Any natural or legal person or any group of such persons, including a partnership.
He/she	In this Code, he is to be read as including she.
Individual within the practice	The *Insolvency Practitioner*, any principals in the *practice* and any employees within the *practice*.
Insolvency appointment	A formal appointment: (a) which, under the terms of legislation must be undertaken by an *Insolvency Practitioner*; or (b) as a nominee or supervisor of a voluntary arrangement.
Insolvency Practitioner	An individual who is authorised or recognised to act as an *Insolvency Practitioner* in the United Kingdom by an *authorising body*. For the purpose of the application of this Code only, the term *Insolvency Practitioner* also includes an individual who acts as a nominee or supervisor of a voluntary arrangement.
Insolvency team	Any person under the control or direction of an *Insolvency Practitioner*.
Practice	The organisation in which the *Insolvency Practitioner* practises.
Principal	In respect of a *practice*: (a) which is a company: a director; (b) which is a partnership: a partner; (c) which is a limited liability partnership: a member; (d) which is comprised of a sole practitioner: that person; Alternatively any person within the *practice* who is held out as being a director, partner or member.

PART 1 GENERAL APPLICATION OF THE CODE

The Practice of Insolvency

Introduction

1. This Code is intended to assist *Insolvency Practitioners* meet the obligations expected of them by providing professional and ethical guidance.

2. This Code applies to all *Insolvency Practitioners*. *Insolvency Practitioners* should take steps to ensure that the Code is applied in all professional work relating to an *insolvency appointment*, and to any professional work that may lead to such an *insolvency appointment*. Although, an *insolvency appointment* will be of the *Insolvency Practitioner* personally rather than his *practice* he should ensure that the standards set out in this Code are applied to all members of the *insolvency team*.

3. It is this Code, and the spirit that underlies it, that governs the conduct of *Insolvency Practitioners*

Fundamental Principles

4. An *Insolvency Practitioner* is required to comply with the following fundamental principles:

(a) Integrity
An *Insolvency Practitioner* should be straightforward and honest in all professional and business relationships.

(b) Objectivity
An *Insolvency Practitioner* should not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

(c) Professional Competence and Due Care
An *Insolvency Practitioner* has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. An *Insolvency Practitioner* should act diligently and in accordance with applicable technical and professional standards when providing professional services.

(d) *Confidentiality*
An *Insolvency Practitioner* should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the *Insolvency Practitioner* or third parties.

(e) Professional Behaviour
An *Insolvency Practitioner* should comply with relevant laws and regulations and should avoid any action that discredits the profession. *Insolvency Practitioners* should conduct themselves with courtesy and consideration towards all with whom they come into contact when performing their work.

Framework Approach

5. The framework approach is a method which *Insolvency Practitioners* can use to identify actual or potential threats to the fundamental principles and determine whether there are any safeguards that might be available to offset them. The framework approach requires an *Insolvency Practitioner* to:

(a) take reasonable steps to identify any threats to compliance with the fundamental principles;

(b) evaluate any such threats; and

(c) respond in an appropriate manner to those threats.

6. Throughout this Code there are examples of threats and possible safeguards. These examples are illustrative and should not be considered as exhaustive lists of all relevant threats or safeguards. It is impossible to define every situation that creates a threat to compliance with the fundamental principles or to specify the safeguards that may be available.

Identification of threats to the fundamental principles

7. An *Insolvency Practitioner* should take reasonable steps to identify the existence of any threats to compliance with the fundamental principles which arise during the course of his professional work.

8. An *Insolvency Practitioner* should take particular care to identify the existence of threats which exist prior to or at the time of taking an *insolvency appointment* or which, at that stage, it may reasonably be expected might arise during the course of such an *insolvency appointment*. Paragraphs 20 to 48 below contain particular factors an *Insolvency Practitioner* should take into account when deciding whether to accept an *insolvency appointment*.

9. In identifying the existence of any threats, an *Insolvency Practitioner* should have regard to relationships whereby the *practice* is held out as being part of a national or an international association.

10. Many threats fall into one or more of five categories:

(a) **Self-interest threats**: which may occur as a result of the financial or other interests of a *practice* or an *Insolvency Practitioner* or of a *close or immediate family* member of an *individual within the practice*;

(b) **Self-review threats**: which may occur when a previous judgement made by an *individual within the practice* needs to be re-evaluated by the *Insolvency Practitioner*;

(c) **Advocacy threats**: which may occur when an *individual within the practice* promotes a position or opinion to the point that subsequent objectivity may be compromised;

(d) **Familiarity threats**: which may occur when, because of a close relationship, an *individual within the practice* becomes too sympathetic or antagonistic to the interests of others; and

(e) **Intimidation threats**: which may occur when an *Insolvency Practitioner* may be deterred from acting objectively by threats, actual or perceived.

11. The following paragraphs give examples of the possible threats that an *Insolvency Practitioner* may face.

12. Examples of circumstances that may create self-interest threats for an *Insolvency Practitioner* include:

(a) An *individual within the practice* having an interest in a creditor or potential creditor with a claim which requires subjective adjudication.

(b) Concern about the possibility of damaging a business relationship.

(c) Concerns about potential future employment.

13. Examples of circumstances that may create self-review threats include:

    (a) The acceptance of an *insolvency appointment* in respect of an *entity* where an *individual within the practice* has recently been employed by or seconded to that *entity*.

    (b) An *Insolvency Practitioner* or the *practice* has carried out professional work of any description, including sequential *insolvency appointments*, for that *entity*.

    Such self-review threats may diminish over the passage of time.

14. Examples of circumstances that may create advocacy threats include:

    (a) Acting in an advisory capacity for a creditor of an *entity*.

    (b) Acting as an advocate for a client in litigation or dispute with an *entity*.

15. Examples of circumstances that may create familiarity threats include:

    (a) An *individual within the practice* having a close relationship with any individual having a financial interest in the insolvent *entity*.

    (b) An *individual within the practice* having a close relationship with a potential purchaser of an *insolvent's assets and/or business*.

    In this regard a close relationship includes both a close professional relationship and a close personal relationship.

16. Examples of circumstances that may create intimidation threats include:

    (a) The threat of dismissal or replacement being used to :

        (i) Apply pressure not to follow regulations, this Code, any other applicable code, technical or professional standards.

        (ii) Exert influence over an *insolvency appointment* where the *Insolvency Practitioner* is an employee rather than *a principal* of the *practice*.

    (b) Being threatened with litigation.

    (c) The threat of a complaint being made to the *Insolvency Practitioner's authorising body*.

Evaluation of threats

17. An *Insolvency Practitioner* should take reasonable steps to evaluate any threats to compliance with the fundamental principles that he has identified.

18. In particular, an *Insolvency Practitioner* should consider what a reasonable and informed third party, having knowledge of all relevant information, including the significance of the threat, would conclude to be acceptable.

Possible Safeguards

19. Having identified and evaluated a threat to the fundamental principles an *Insolvency Practitioner* should consider whether there any safeguards that may be available to reduce the threat to an acceptable level. The relevant safeguards will vary depending on the circumstances. Generally safeguards fall into two broad categories. Firstly, safeguards created by the profession, legislation or regulation. Secondly, safeguards in the work environment. In the insolvency context safeguards in the work environment can include safeguards specific to an *insolvency appointment*. These are considered in paragraphs 20 to 39 below. In addition, safeguards can be introduced across the *practice*. These safeguards seek to create a work environment in which threats are identified and the introduction of appropriate safeguards is encouraged. Some examples include:

    (a) Leadership that stresses the importance of compliance with the fundamental principles.

    (b) Policies and procedures to implement and monitor quality control of engagements.

    (c) Documented policies regarding the identification of threats to compliance with the fundamental principles, the evaluation of the significance of these threats and the identification and the application of safeguards to eliminate or reduce the threats, other than those that are trivial, to an acceptable level.

    (d) Documented internal policies and procedures requiring compliance with the fundamental principles.

    (e) Policies and procedures to consider the fundamental principles of this Code before the acceptance of an *insolvency appointment*.

    (f) Policies and procedures regarding the identification of interests or relationships between *individuals within the practice* and third parties.

    (g) Policies and procedures to prohibit individuals who are not members of the *insolvency team* from inappropriately influencing the outcome of an *insolvency appointment*.

    (h) Timely communication of a *practice's* policies and procedures, including any changes to them, to all *individuals within the practice*, and appropriate training and education on such policies and procedures.

    (i) Designating a member of senior management to be responsible for overseeing the adequate functioning of the safeguarding system.

    (j) A disciplinary mechanism to promote compliance with policies and procedures.

    (k) Published policies and procedures to encourage and empower individuals within the *practice* to communicate to senior levels within the *practice* and/or the *Insolvency Practitioner* any issue relating to compliance with the fundamental principles that concerns them.

PART 2 SPECIFIC APPLICATION OF THE CODE

Insolvency Appointments

20. The practice of insolvency is principally governed by statute and secondary legislation and in many cases is subject ultimately to the control of the Court. Where circumstances are dealt with by statute or secondary legislation, an *Insolvency Practitioner* must comply with such provisions. An *Insolvency Practitioner* must also comply with any relevant judicial authority relating to his conduct and any directions given by the Court.

21. An *Insolvency Practitioner* should act in a manner appropriate to his position as an officer of the Court (where applicable) and in accordance with any quasi-judicial, fiduciary or other duties that he may be under.

22. Before agreeing to accept any *insolvency appointment* (including a joint appointment), an *Insolvency Practitioner* should consider whether acceptance would create any threats to compliance with the fundamental principles. Of particular importance will be any threats to the fundamental principle of objectivity created by conflicts of interest or by any significant professional or personal relationships. These are considered in more detail below.

23. In considering whether objectivity or integrity may be threatened, an *Insolvency Practitioner* should identify and evaluate any professional or personal relationship (see section A below) which may affect compliance with the fundamental principles. The appropriate response to the threats arising from any such relationships should then be considered, together with the introduction of any possible safeguards.

24. Generally, it will be inappropriate for an *Insolvency Practitioner* to accept an *insolvency appointment* where a threat to the fundamental principles exists or may reasonably be expected might arise during the course of the *insolvency appointment* unless:

    (a) disclosure is made, prior to the *insolvency appointment*, of the existence of such a threat to the Court or to the creditors on whose behalf the *Insolvency Practitioner* would be appointed to act and no objection is made to the *Insolvency Practitioner* being appointed; and

    (b) safeguards are or will be available to eliminate or reduce that threat to an acceptable level. If the threat is other than trivial, safeguards should be considered and applied as necessary to reduce them to an acceptable level, where possible.

25. The following safeguards may be considered:

    (a) Involving and/or consulting another *Insolvency Practitioner* from within the *practice* to review the work done.

    (b) Consulting an independent third party, such as a committee of creditors, an *authorising body* or another *Insolvency Practitioner*.

    (c) Involving another *Insolvency Practitioner* to perform part of the work, which may include another *Insolvency Practitioner* taking a joint appointment where the conflict arises during the course of the *insolvency appointment*.

    (d) Obtaining legal advice from a solicitor or barrister with appropriate experience and expertise.

    (e) Changing the members of the *insolvency team*.

    (f) The use of separate *Insolvency Practitioners* and/or staff.

(g) Procedures to prevent access to information by the use of information barriers (e.g. strict physical separation of such teams, confidential and secure data filing).

(h) Clear guidelines for *individuals within the practice* on issues of security and confidentiality.

(i) The use of confidentiality agreements signed by *individuals within the practice*.

(j) Regular review of the application of safeguards by a senior *individual within the practice* not involved with the *insolvency appointment*.

(k) Terminating the financial or business relationship that gives rise to the threat.

(l) Seeking directions from the court.

26. As regards joint appointments, where an *Insolvency Practitioner* is specifically precluded by this Code from accepting an *insolvency appointment* as an individual, a joint appointment will not be an appropriate safeguard and will not make accepting the *insolvency appointment* appropriate.

27. In deciding whether to take an *insolvency appointment* in circumstances where a threat to the fundamental principles has been identified, the *Insolvency Practitioner* should consider whether the interests of those on whose behalf he would be appointed to act would best be served by the appointment of another *Insolvency Practitioner* who did not face the same threat and, if so, whether any such appropriately qualified and experienced other *Insolvency Practitioner* is likely to be available to be appointed.

28. *An Insolvency Practitioner* will encounter situations where no safeguards can reduce a threat to an acceptable level. Where this is the case, an *Insolvency Practitioner* should conclude that it is not appropriate to accept an *insolvency appointment*.

29. Following acceptance, any threats should continue to be kept under appropriate review and an *Insolvency Practitioner* should be mindful that other threats may come to light or arise. There may be occasions when the *Insolvency Practitioner* is no longer in compliance with this Code because of changed circumstances or something which has been inadvertently overlooked. This would generally not be an issue provided the *Insolvency Practitioner* has appropriate quality control policies and procedures in place to deal with such matters and, once discovered, the matter is corrected promptly and any necessary safeguards are applied. In deciding whether to continue an *insolvency appointment* the *Insolvency Practitioner* may take into account the wishes of the creditors, who after full disclosure has been made have the right to retain or replace the *Insolvency Practitioner*.

30. In all cases an *Insolvency Practitioner* will need to exercise his judgment to determine how best to deal with an identified threat. In exercising his judgment, an *Insolvency Practitioner* should consider what a reasonable and informed third party, having knowledge of all relevant information, including the significance of the threat and the safeguards applied, would conclude to be acceptable. This consideration will be affected by matters such as the significance of the threat, the nature of the work and the structure of the *practice*.

Conflicts of interest

31. An *Insolvency Practitioner* should take reasonable steps to identify circumstances that could pose a conflict of interest. Such circumstances may give rise to threats to compliance with the fundamental principles. Examples of where a conflict of interest may arise are where:

(a) An *Insolvency Practitioner* has to deal with claims between the separate and conflicting interests of entities over whom he is appointed.

(b) There are a succession of or sequential *insolvency appointments* (see section H).

(c) A significant relationship has existed with the *entity* or someone connected with the *entity* (see also section A)

32. Some of the safeguards listed at paragraph 25 may be applied to reduce the threats created by a conflict of interest to an acceptable level. Where a conflict of interest arises, the preservation of confidentiality will be of paramount importance; therefore, the safeguards used should generally include the use of effective information barriers.

Practice mergers

33. Where *practices* merge, they should subsequently be treated as one for the purposes of assessing threats to the fundamental principles. At the time of the merger, existing *insolvency appointments* should be reviewed and any threats identified. *Principals* and employees of the merged *practice* become subject to common ethical constraints in relation to accepting new *insolvency appointments* to clients of either of the former *practices*. However existing *insolvency appointments* which are rendered in apparent breach of the Code by such a merger need not be determined automatically, provided that a considered review of the situation by the *practice* discloses no obvious and immediate ethical conflict.

34. Where an *individual within the practice* has, in any former *practice*, undertaken work upon the affairs of an *entity* in a capacity that is incompatible with an *insolvency appointment* of the new *practice*, the individual should not work or be employed on that assignment.

Transparency

35. Both before and during an *insolvency appointment* an *Insolvency Practitioner* may acquire personal information that is not directly relevant to the insolvency or confidential commercial information relating to the affairs of third parties. The information may be such that others might expect that confidentiality would be maintained.

36. Nevertheless an *Insolvency Practitioner* in the role as office holder has a professional duty to report openly to those with an interest in the outcome of the insolvency. An *Insolvency Practitioner* should always report on his acts and dealings as fully as possible given the circumstances of the case, in a way that is transparent and understandable. An *Insolvency Practitioner* should bear in mind the expectations of others and what a reasonable and informed third party would consider appropriate.

Professional Competence and due care

37. Prior to accepting an *insolvency appointment* the *Insolvency Practitioner* should ensure that he is satisfied that the following matters have been considered:

(a) Obtaining knowledge and understanding of the *entity*, its owners, managers and those responsible for its governance and business activities.

(b) Acquiring an appropriate understanding of the nature of the *entity*'s business, the complexity of its operations, the specific requirements of the engagement and the purpose, nature and scope of the work to be performed.

(c) Acquiring knowledge of relevant industries or subject matters.

(d) Possessing or obtaining experience with relevant regulatory or reporting requirements.

(e) Assigning sufficient staff with the necessary competencies.

(f) Using experts where necessary.

(g) Complying with quality control policies and procedures designed to provide reasonable assurance that specific engagements are accepted only when they can be performed competently.

38. The fundamental principle of professional competence and due care requires that an *Insolvency Practitioner* should only accept an *insolvency appointment* when the *Insolvency Practitioner* has sufficient expertise. For example, a self interest threat to the fundamental principle of professional competence and due care is created if the *Insolvency Practitioner* or the *insolvency team* does not possess or cannot acquire the competencies necessary to carry out the *insolvency appointment*. Expertise will include appropriate training, technical knowledge, knowledge of the *entity* and the business with which the *entity* is concerned.

39. Maintaining and acquiring professional competence requires a continuing awareness and understanding of relevant technical and professional developments, including:

(a) Developments in insolvency legislation.

(b) Statements of Insolvency Practice.

(c) The regulations of their *authorising body*, including any continuing professional development requirements.

(d) Guidance issued by their *authorising body* or the Insolvency Service.

(e) Technical issues being discussed within the profession.

Section A

Professional and personal relationships

40. The environment in which *Insolvency Practitioners* work and the relationships formed in their professional and personal lives can lead to threats to the fundamental principle of objectivity.

Identifying relationships

41. In particular, the principle of objectivity may be threatened if any *individual within the practice*, the *close or immediate family* of an *individual within the practice* or the *practice* itself, has or has had a professional or personal relationship which relates to the *insolvency appointment* being considered.

42. Professional or personal relationships may include (but are not restricted to) relationships with:-

    (a) the *entity*;

    (b) any director or shadow director or former director or shadow director of the *entity*;

    (c) shareholders of the *entity*;

    (d) any *principal* or employee of the *entity*;

    (e) business partners of the *entity*;

    (f) companies or entities controlled by the *entity*;

    (g) companies which are under common control;

    (h) creditors (including debenture holders) of the *entity*;

    (i) debtors of the *entity*;

    (j) *close or immediate family* of *the entity*(if an individual) or its officers (if a corporate body);

    (k) others with commercial relationships with the *practice*

43. Safeguards within the *practice* should include policies and procedures to identify relationships between *individuals within the practice* and third parties in a way that is proportionate and reasonable in relation to the *insolvency appointment* being considered.

Is the relationship significant to the conduct of the *insolvency appointment*?

44. Where a professional or personal relationship of the type described in paragraph 41 has been identified the *Insolvency Practitioner* should evaluate the impact of the relationship in the context of the *insolvency appointment* being sought or considered. Issues to consider in evaluating whether a relationship creates a threat to the fundamental principles may include the following:

    (a) The nature of the previous duties undertaken by a *practice* during an earlier relationship with the *entity*.

    (b) The impact of the work conducted by the *practice* on the financial state and/or the financial stability of the *entity* in respect of which the *insolvency appointment* is being considered.

    (c) Whether the fee received for the work by the *practice* is or was significant to the *practice* itself or is or was substantial.

(d) How recently any professional work was carried out. It is likely that greater threats will arise (or may be seen to arise) where work has been carried out within the previous three years. However, there may still be instances where, in respect of non-audit work, any threat is at an acceptable level. Conversely, there may be situations whereby the nature of the work carried out was such that a considerably longer period should elapse before any threat can be reduced to an acceptable level.

(e) Whether the *insolvency appointment* being considered involves consideration of any work previously undertaken by the *practice* for that *entity*.

(f) The nature of any personal relationship and the proximity of the *Insolvency Practitioner* to the individual with whom the relationship exists and, where appropriate, the proximity of that individual to the *entity* in relation to which the *insolvency appointment* relates.

(g) Whether any reporting obligations will arise in respect of the relevant individual with whom the relationship exists (e.g. an obligation to report on the conduct of directors and shadow directors of a company to which the *insolvency appointment* relates).

(h) The nature of any previous duties undertaken by an *individual within the practice* during any earlier relationship with the *entity*.

(i) The extent of the *insolvency team's* familiarity with the individuals connected with the *entity*.

45. Having identified and evaluated a relationship that may create a threat to the fundamental principles, the *Insolvency Practitioner* should consider his response including the introduction of any possible safeguards to reduce the threat to an acceptable level.

46. Some of the safeguards which may be considered to reduce the threat created by a professional or personal relationship to an acceptable level are considered in paragraph 25. Other safeguards may include:

(a) Withdrawing from the *insolvency team*.

(b) Terminating (where possible) the financial or business relationship giving rise to the threat.

(c) Disclosure of the relationship and any financial benefit received by the *practice* (whether directly or indirectly) to the *entity* or to those on whose behalf the *Insolvency Practitioner* would be appointed to act.

47. An *Insolvency Practitioner* may encounter situations in which no or no reasonable safeguards can be introduced to eliminate a threat arising from a professional or personal relationship, or to reduce it to an acceptable level. In such situations, the relationship in question will constitute a **significant** professional relationship ("Significant Professional Relationship") or a **significant** personal relationship ("Significant Personal Relationship"). Where this is case the *Insolvency Practitioner* should conclude that it is not appropriate to take the *insolvency appointment*.

48. Consideration should always be given to the perception of others when deciding whether to accept an *insolvency appointment*. Whilst an *Insolvency Practitioner* may regard a relationship as not being significant to the *insolvency appointment*, the perception of others may differ and this may in some circumstances be sufficient to make the relationship significant.

Section B

Dealing with the assets of an *entity*

49. Actual or perceived threats (for example self interest threats) to the fundamental principles may arise when during an *insolvency appointment*, an *Insolvency Practitioner* realises assets.

50. Save in circumstances which clearly do not impair the *Insolvency Practitioner*'s objectivity, *Insolvency Practitioners* appointed to any *insolvency appointment* in relation to an *entity*, should not themselves acquire, directly or indirectly, any of the assets of an *entity*, nor knowingly permit *any individual within the practice*, or any *close or immediate family member* of the *Insolvency Practitioner* or of an *individual within the practice*, directly or indirectly, to do so.

51. Where the assets and business of an insolvent company are sold by an *Insolvency Practitioner* shortly after appointment on pre-agreed terms, this could lead to an actual or perceived threat to objectivity. The sale may also be seen as a threat to objectivity by creditors or others not involved in the prior agreement. The threat to objectivity may be eliminated or reduced to an acceptable level by safeguards such as obtaining an independent valuation of the assets or business being sold, or the consideration of other potential purchasers.

52. It is also particularly important for an *Insolvency Practitioner* to take care to ensure (where to do so does not conflict with any legal or professional obligation) that his decision making processes are transparent, understandable and readily identifiable to all third parties who may be affected by the sale or proposed sale.

Section C

Obtaining specialist advice and services

53. When an *Insolvency Practitioner* intends to rely on the advice or work of another, the *Insolvency Practitioner* should evaluate whether such reliance is warranted. The *Insolvency Practitioner* should consider factors such as reputation, expertise, resources available and applicable professional and ethical standards. Any payment to the third party should reflect the value of the work undertaken.

54. Threats to the fundamental principles (for example familiarity threats and self interest threats) can arise if services are provided by a regular source independent of the *practice*.

55. Safeguards should be introduced to reduce such threats to an acceptable level. These safeguards should ensure that a proper business relationship is maintained between the parties and that such relationships are reviewed periodically to ensure that best value and service is being obtained in relation to each *insolvency appointment*. Additional safeguards may include clear guidelines and policies within the *practice* on such relationships. An *Insolvency Practitioner* should also consider disclosure of the existence of such business relationships to the general body of creditors or the creditor's committee if one exists.

56. Threats to the fundamental principles can also arise where services are provided from within the *practice* or by a party with whom the *practice*, or an *individual within the practice*, has a business or personal relationship. An *Insolvency Practitioner* should take particular care in such circumstances to ensure that the best value and service is being provided.

Section D

Fees and other types of remuneration

Prior to accepting an *insolvency appointment*

57. Where an engagement may lead to an *insolvency appointment*, an *Insolvency Practitioner* should make any party to the work aware of the terms of the work and, in particular, the basis on which any fees are charged and which services are covered by those fees.

58. Where an engagement may lead to an *insolvency appointment*, *Insolvency Practitioners* should not accept referral fees or commissions unless they have established safeguards to reduce the threats created by such fees or commissions to an acceptable level.

59. Safeguards may include disclosure in advance of any arrangements. If after receiving any such payments, an *Insolvency Practitioner* accepts an *insolvency appointment*, the amount and source of any fees or commissions received should be disclosed to creditors.

After accepting an *insolvency appointment*

60. During an *insolvency appointment*, accepting referral fees or commissions represents a significant threat to objectivity. Such fees or commissions should not therefore be accepted other than where to do so is for the benefit of the insolvent estate.

61. If such fees or commissions are accepted they should only be accepted for the benefit of the estate; not for the benefit of the *Insolvency Practitioner* or the *practice*.

62. Further, where such fees or commissions are accepted an *Insolvency Practitioner* should consider making disclosure to creditors.

Section E

Obtaining *insolvency appointments*

63. The special nature of *insolvency appointments* makes the payment or offer of any commission for or the furnishing of any valuable consideration towards, the introduction of *insolvency appointments* inappropriate. This does not, however, preclude an arrangement between an *Insolvency Practitioner* and an employee whereby the employee's remuneration is based in whole or in part on introductions obtained for the *Insolvency Practitioner* through the efforts of the employee.

64. When an *Insolvency Practitioner* seeks an *insolvency appointment* or work that may lead to an *insolvency appointment* through advertising or other forms of marketing, there may be threats to compliance with the fundamental principles.

65. When considering whether to accept an *insolvency appointment* an *Insolvency Practitioner* should satisfy himself that any advertising or other form of marketing pursuant to which the *insolvency appointment* may have been obtained is or has been:

    (a) Fair and not misleading.

    (b) Avoids unsubstantiated or disparaging statements.

    (c) Complies with relevant codes of practice and guidance in relation to advertising.

66. Advertisements and other forms of marketing should be clearly distinguishable as such and be legal, decent, honest and truthful.

67. If reference is made in advertisements or other forms of marketing to fees or to the cost of the services to be provided, the basis of calculation and the range of services that the reference is intended to cover should be provided. Care should be taken to ensure that such references do not mislead as to the precise range of services and the time commitment that the reference is intended to cover.

68. An *Insolvency Practitioner* should never promote or seek to promote his services, or the services of another *Insolvency Practitioner*, in such a way, or to such an extent as to amount to harassment.

69. Where an *Insolvency Practitioner* or the *practice* advertises for work via a third party, the *Insolvency Practitioner* is responsible for ensuring that the third party follows the above guidance.

Section F

Gifts and hospitality

70. An *Insolvency Practitioner*, or *a close or immediate family* member, may be offered gifts and hospitality. In relation to an *insolvency appointment*, such an offer will give rise to threats to compliance with the fundamental principles. For example, self-interest threats may arise if a gift is accepted and intimidation threats may arise from the possibility of such offers being made public.

71. The significance of such threats will depend on the nature, value and intent behind the offer. In deciding whether to accept any offer of a gift or hospitality the *Insolvency Practitioner* should have regard to what a reasonable and informed third party having knowledge of all relevant information would consider to be appropriate. Where such a reasonable and informed third party would consider the gift to be made in the normal course of business without the specific intent to influence decision making or obtain information the *Insolvency Practitioner* may generally conclude that there is no significant threat to compliance with the fundamental principles.

72. Where appropriate, safeguards should be considered and applied as necessary to eliminate any threats to the fundamental principles or reduce them to an acceptable level. If an *Insolvency Practitioner* encounters a situation in which no or no reasonable safeguards can be introduced to reduce a threat arising from offers of gifts or hospitality to an acceptable level he should conclude that it is not appropriate to accept the offer.

73. An *Insolvency Practitioner* should also not offer or provide gifts or hospitality where this would give rise to an unacceptable threat to compliance with the fundamental principles.

Section G

Record keeping

74. It will always be for the *Insolvency Practitioner* to justify his actions. An *Insolvency Practitioner* will be expected to be able to demonstrate the steps that he took and the conclusions that he reached in identifying, evaluating and responding to any threats, both leading up to and during an *insolvency appointment*, by reference to written contemporaneous records.

75. The records an *Insolvency Practitioner* maintains, in relation to the steps that he took and the conclusions that he reached, should be sufficient to enable a reasonable and informed third party to reach a view on the appropriateness of his actions.

Section H

THE APPLICATION OF THE FRAMEWORK TO SPECIFIC SITUATIONS

Introduction to specific situations

76. The following examples describe specific circumstances and relationships that will create threats to compliance with the fundamental principles. The examples may assist an *Insolvency Practitioner* and the members of the *insolvency team* to assess the implications of similar, but different, circumstances and relationships.

77. The examples are divided into three parts. Part 1 contains examples which do not relate to a previous or existing *insolvency appointment*. Part 2 contains examples that do relate to a previous or existing *insolvency appointment*. Part 3 contains some examples under Scottish law. The examples are not intended to be exhaustive.

Part 1 - *Examples that do not relate to a previous or existing Insolvency appointment*

78. The following situations involve a professional relationship which does not consist of a previous *insolvency appointment*:

79. **Insolvency appointment following audit related work**

Relationship: The *practice* or an *individual within the practice* has previously carried out audit related work within the previous 3 years.

Response: A Significant Professional Relationship will arise: an *Insolvency Practitioner* should conclude that it is not appropriate to take the *insolvency appointment*.

Where audit related work was carried out more than three years before the proposed date of the appointment of the *Insolvency Practitioner* a threat to compliance with the fundamental principles may still arise. The *Insolvency Practitioner* should evaluate any such threat and consider whether the threat can be eliminated or reduced to an acceptable level by the existence or introduction of safeguards.

This restriction does not apply where the *insolvency appointment* is in a members' voluntary liquidation; an *Insolvency Practitioner* may normally take an appointment as liquidator. However, the *Insolvency Practitioner* should consider whether there are any other circumstances that give rise to an unacceptable threat to compliance with the fundamental principles. Further, the *Insolvency Practitioner* should satisfy himself that the directors' declaration of solvency is likely to be substantiated by events.

80. **Appointment as Investigating Accountant at the instigation of a creditor**

Previous relationship: The *practice* or an *individual within the practice* was instructed by, or at the instigation of, a creditor or other party having a financial interest in an entity, to investigate, monitor or advise on its affairs.

Response: A Significant Professional Relationship would not normally arise in these circumstances provided that:-

(a) there has not been a direct involvement by *an individual within the practice* in the management of the entity; and

(b) the *practice* had its principal client relationship with the creditor or other party, rather than with the company or proprietor of the business; and

(c) the entity was aware of this.

An *Insolvency Practitioner* should however consider all the circumstances before accepting an *insolvency appointment*, including the effect of any discussions or lack of discussions about the financial affairs of the company with its directors, and whether such circumstances give rise to an unacceptable threat to compliance with the fundamental principles.

Where such an investigation was conducted at the request of, or at the instigation of, a secured creditor who then requests an *Insolvency Practitioner* to accept an *insolvency appointment* as an administrator or administrative receiver, the *Insolvency Practitioner* should satisfy himself that the company, acting by its board of directors, does not object to him taking such an *insolvency appointment*. If the secured creditor does not give prior warning of the *insolvency appointment* to the company or if such warning is given and the company objects but the secured creditor still wishes to appoint the *Insolvency Practitioner*, he should consider whether the circumstances give rise to an unacceptable threat to compliance with the fundamental principles.

Part 2 - Examples relating to previous or existing *insolvency appointments*

81. The following situations involve a prior professional relationship that involves a previous or existing *insolvency appointment*:-

82. **Insolvency appointment following an appointment as Administrative or other Receiver**

Previous appointment: An *individual within the practice* has been administrative or other receiver.

Proposed appointment: Any insolvency appointment.

Response: An *Insolvency Practitioner* should not accept any insolvency appointment.

This restriction does not, however, apply where the *individual within the practice* was appointed a receiver by the Court. In such circumstances, the *Insolvency Practitioner* should however consider whether any other circumstances which give rise to an unacceptable threat to compliance with the fundamental principles.

83. **Administration or Liquidation following appointment as Supervisor of a Voluntary Arrangement**

Previous appointment: An *individual within the practice* has been supervisor of a company voluntary arrangement.

Proposed appointment: Administrator or liquidator.

Response: An *Insolvency Practitioner* may normally accept an appointment as administrator or liquidator. However the *Insolvency Practitioner* should consider whether there are any circumstances that give rise to an unacceptable threat to compliance with the fundamental principles.

84. **Liquidation following appointment as Administrator**

Previous Appointment: An *individual within the practice* has been administrator.

Proposed Appointment: Liquidator.

Response: An *Insolvency Practitioner* may normally accept an appointment as liquidator provided he has complied with the relevant legislative requirements. However, the *Insolvency Practitioner* should also consider whether there are any circumstances that give rise to an unacceptable threat to compliance with the fundamental principles.

85. **Conversion of Members' Voluntary Liquation into Creditors' Voluntary Liquidation**

Previous appointment: An *individual within the practice* has been the liquidator of a company in a members' voluntary liquidation.

Proposed appointment: Liquidator in a creditors' voluntary liquidation, where it has been necessary to convene a creditors' meeting.

Response: Where there has been a Significant Professional Relationship, an *Insolvency Practitioner* may continue or accept an appointment (subject to creditors' approval) only if he concludes that the company will eventually be able to pay its debts in full, together with interest.

However, the *Insolvency Practitioner* should consider whether there are any other circumstances that give rise to an unacceptable threat to compliance with the fundamental principles.

86. **Bankruptcy following appointment as Supervisor of an Individual Voluntary Arrangement**

Previous appointment: An *individual within the practice* has been supervisor of an individual voluntary arrangement.

Proposed Appointment: Trustee in bankruptcy.

Response: An *Insolvency Practitioner* may normally accept an appointment as trustee in bankruptcy. However, the *Insolvency Practitioner* should consider whether there are any circumstances that give rise to an unacceptable threat to compliance with the fundamental principles.

Part 3 - Examples in respect of cases conducted under Scottish Law

87. **Sequestration following appointment as Trustee under a Trust Deed for creditors**

Previous appointment: An *individual within the practice* has been trustee under a trust deed for creditors.

Proposed appointment: Interim trustee or trustee in sequestration.

Response An *Insolvency Practitioner* may normally accept an appointment as an interim trustee or trustee in sequestration. However, the *Insolvency Practitioner* should consider whether there are any circumstances that give rise to an unacceptable threat to compliance with the fundamental principles.

88. **Sequestration where the Accountant in Bankruptcy is Trustee following appointment as Trustee under a Trust Deed for creditors**

Previous appointment: An *individual within the practice* has been trustee under a trust deed for creditors.

Proposed appointment: Agent for the Accountant in Bankruptcy in sequestration.

Response: An *Insolvency Practitioner* may normally accept an appointment as agent for the Accountant in Bankruptcy. However, the *Insolvency Practitioner* should consider whether there are any circumstances that give rise to an unacceptable threat to compliance with the fundamental principles.