

Liquidator's Progress Report

S.192

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

To the Registrar of Companies

Company Number

04511678

Name of Company

H M E F Limited Formerly known as English Mutual Holdings Ltd

I,

Mark Elijah Thomas Bowen,
Hillcarnie House,
St Andrews Road,
Droitwich,
Worcestershire,
WR9 8DJ

the liquidator of the company attach a copy of my Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 09/04/2015 to 08/04/2016

Signed



Date

3 5.16

MB Insolvency
Hillcarnie House
St Andrews Road
Droitwich
Worcestershire
WR9 8DJ

Ref ENG01/METB/SLM/SM

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COMPANIES HOUSE

Mark Bowen appointed as liquidator on 9 April 2013

HMEF Limited (Formerly Known as English Mutual Holdings Limited) (In Liquidation)

Progress report and account of the liquidator pursuant to Section 104A of the Insolvency Act 1986

Period: **9 April 2015 – 8 April 2016**

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1. COMPANY AND LIQUIDATOR'S DETAILS

Company registered number	04511678
Nature of business	Financial Advisers
Former trading address	22 The Tything, Worcester, WR1 1HD
Date winding up commenced	9 April 2013
Names of Liquidator	Mark Elijah Thomas Bowen
Date of liquidator's appointment	9 April 2013
Changes in office holder (if any)	None
Registered office address	MB Insolvency, Hillcarnie House, St Andrews Road, Droitwich, WR9 8DJ

This report, which is issued under the provisions of Section 104A of the Insolvency Act 1986, should be read in conjunction with the report of the initial meeting of creditors held on 9 April 2013 and my later progress reports dated 16 April 2014 and 1 June 2015

2. LIQUIDATOR'S ACTIONS

The liquidator has completed the following tasks during the liquidation period

- Requested and examined all relevant books and records
- Arranged specific bond commensurate with the asset level
- Opened a liquidation bank account
- Issued statutory notices to The Registrar of Companies, creditors, shareholders, & H M Revenue & Customs
- Changed the registered office to Hillcarnie House, St Andrews Road, Droitwich, Worcestershire, WR9 8DJ
- Circulated the report prepared for the Creditors meeting on 9 April 2013 to all creditors and contributories
- Advertised the appointment in the London Gazette with confirmation of Resolutions passed at the creditors' meeting on 9 April 2013 and requested information from Creditors and proofs of debt
- Written to Directors/Shadow Directors informing of cessation of powers, duty to co-operate, completion of questionnaire and the restriction on re-use of Company name
- Collated information received from Creditors/answered on-going enquiries
- Investigated asset levels and reconciled with position in last filed accounts
- Submitted report to The Department of Business Innovation & Skills
- Reconciled bank account at monthly intervals
- Paid Corporation Tax liabilities
- Liaised with Nicklins LLP in respect of the tax refund paid to the Company
- Produced and circulated annual progress reports to all creditors

3. RECEIPTS AND PAYMENTS ACCOUNT

Attached at Appendix 1 is my account of receipts and payments from the commencement of the winding-up to the end of the third anniversary showing asset realisations in the Liquidation to date and how they have been disbursed. My comments on items appearing in the account are as follows

RECEIPTS

The only receipt received during this period has been bank interest of £22.76

Earlier periods' receipts have been explained in my previous progress report (s)

PAYMENTS

During this period the amount of £6.09 has been paid in respect of corporation tax

Earlier periods' payments have been explained in my previous progress report (s)

Basis of remuneration and disbursements

At the initial meeting of creditors held pursuant to Section 98 of the Act on 9 April 2013 the following resolution was passed by the creditors

"That the Liquidator's fees and disbursements be fixed on the basis of the time necessarily spent by him and his staff in the discharge of their duties at MB Insolvency's standard charging and disbursement rates, together with any out of pocket expenses incurred, and may be drawn on account"

Remuneration and disbursements charged and drawn

Since the approval of the basis of our remuneration on 9 April 2013 there have been no increases in our charge out rates and, whilst our disbursement tariff has been necessarily revised to reflect supplier prices, these revised prices will not be applied to this case

Time spent on this case during this annual reporting period amounts to 35.5 hours at an average composite rate of £223.24 per hour resulting in total time costs of £7,925. During this reporting period there have been no fees drawn

Total time spent on a cumulative basis since appointment on this assignment amounts to 112.9 hours at an average composite rate of £195.96 per hour resulting in total time costs to date of £22,079. Fees totalling £10,000 have been drawn since appointment

I have attached a breakdown of time costs at Appendix 2. I am required to provide the information in this format by Statement of Insolvency Practice 9

Details of disbursements incurred and drawn are set out in Appendix 2

The following further information as regards time costs is also set out at Appendix 2

- ☐ MB INSOLVENCY policy for re-charging expenses
- ☐ MB Insolvency charge-out rates

Expenses charged and drawn

There have been no expenses incurred or paid during this last reporting period. Previous expenses paid and incurred are included within my previous progress report (s).

All other payments have been made in accordance with the rules and regulations generally as to the payment of costs and expenses in the liquidation.

Creditors' Guide to Fees and statement of creditors' rights

If you require further information relating to Liquidator's remuneration, expenses and disbursements please see Appendix 3. This also gives details of your rights as a creditor in this regard.

4. INVESTIGATIONS

As part of my investigations I have undertaken the following:

- Reconciled all asset movements for the period from the last set of accounts to cessation of trade
- Issued questionnaires to the company's office holders and reviewed their responses
- Carried out a detailed analysis of the company's bank account including a review of all transactions entered into in the two years prior to the Company's demise
- Requested information from the company's creditors and reviewed their responses

I have submitted my statutory report to the Department of Business, Innovation and Skills on the conduct of the directors in accordance with the Insolvent Companies (Report on Conduct of Directors) Rules 1996 and the Company Directors Disqualification Act 1986. The content of this report is, however, strictly private and confidential.

I also have a duty to investigate the extent of the Company's assets, including potential claims against third parties, including the directors, and to report my findings to creditors, subject to considerations of privilege and confidentiality and whether those investigations and/or any potential litigation might be compromised.

Preliminary investigations did not identify any areas that merited further investigation.

5. CREDITOR CLAIMS

Secured Creditors

There are no secured creditors in this matter.

Preferential Creditors

There are no preferential creditors in this matter.

Prescribed Part

If a Company has granted security over its assets which includes a qualifying floating charge I am obliged to consider setting aside a proportion of net property, which would otherwise be available to the holder of floating charge security over the Company's assets, for the benefit of unsecured creditors (known as "the Prescribed Part").

These provisions do not apply to the Company as there was no Qualifying Floating Chargeholder

Unsecured Creditors

I previously reported that I did not anticipate that there would be funds available for distribution to creditors in this matter as time costs in dealing with creditors' claims were estimated to be higher than initially anticipated. Since that date of my last progress report time costs are not at the anticipated level therefore there are funds available for distribution to creditors.

Sent with this progress report is a notice of intended dividend pursuant to Rule 11.2 of The Insolvency Rules 1986 in order for all known creditors to prove their claims.

6. CONCLUSION

Matters outstanding

The matters outstanding in the liquidation are to agree and pay the claims of the unsecured creditors.

In view of this, I do anticipate concluding the liquidation before the next anniversary.

If you require any further information, please do not hesitate to contact Sophie Murcott at the above address.

I will report again at the conclusion of the winding up, whichever is the sooner.



MET Bowen
Liquidator

Dated 3 May 2016

**H M E F Limited Formerly known as English Mutual Holdings Ltd
(In Liquidation)**

Liquidator's Abstract Of Receipts And Payments

RECEIPTS	Statement of Affairs (£)	From 09/04/2013 To 08/04/2015 (£)	From 09/04/2015 To 08/04/2016 (£)	Total (£)
Cash at Bank - Post Appointment Credits		5,047 59	0 00	5,047 59
Bank Interest Gross		39 99	22 76	62 75
HMRC Refund	40,000 00	43,667 68	0 00	43,667 68
		48,755 26	22 76	48,778 02
PAYMENTS				
Specific Bond		296 00	0 00	296 00
Pre appointment fees		5,000 00	0 00	5,000 00
Office Holders fees		10,000 00	0 00	10,000 00
Accountants Fees		3,750 00	0 00	3,750 00
Legal Fees		2,090 00	0 00	2,090 00
Corporation Tax		3 39	6 09	9 48
Irrecoverable VAT		4,343 10	0 00	4,343 10
Storage Costs		350 00	0 00	350 00
Statutory Advertising		229 50	0 00	229 50
		26,061 99	6 09	26,068 08
Net Receipts/(Payments)		22,693 27	16 67	22,709 94
MADE UP AS FOLLOWS				
Current Account (Interest Bearing)		22,693 27	16 67	22,709 94

HMEF Limited(In Liquidation)

Summary of Remuneration for period 9 April 2015 - 8 April 2016

Classification of Work	Partner	Manager	Othe Senior Professionals	Assistant & Support Staff	Total Units	Time Cost £	Average Rate £/Hr
<i>Time previously reported for the period 9 April 2013 - 8 April 2015</i>	176			598	774	14,154	182 87
Stat Compliance / Admin & Planning		80 00		69 00	149 00	3,035 00	203 69
Investigations					-	-	-
Realisation of Assets						-	-
Creditors	90 00			86 00	176 00	3,990 00	226 70
Case Specific Matters	30 00				30 00	900 00	300 00
Total for period 9/04/15 - 08/04/16	120 00	80 00	-	155 00	355 00	7,925 00	223 24
Total Cululative	296 00	80 00		753 00	1,129 00	22,079 00	195 56
Fees Drawn					-	10,000 00	
Outstanding Fees						12,079 00	

All time is recorded in units of six minutes Therefore 1 unit equates to six minutes of time recorded

Charge out rates

Partner
Managers
Assistant Managers
Senior Administrator
Administrator
Senior Assistant / Cashier
Support Staff

From 13 February 2013
Rates depend on the complexity of the case
£300
£225 - £250
£200
£175
£150
£150
£90

Standard Activity

Administration & Planning

Statutory reporting and compliance
Compliance with other regulatory requirements
Case planning
Administrative set up
Appointment notification
Maintenance of records

Investigations

Statement of Insolvency Practise 2 review
CDDA Reporting
Investigating antecedent transactions

Realisation of Assets

Identifying, securing, insuring assets
Retention of title claims
Debt collection
Property, business and asset sales

Trading

Management of operations
Accounting for trading
On-going employees issues

Creditors

Communication with creditors
Creditors claims (including employees)
Other preferential creditors

Case Specific

Meeting with Director

HMEF Limited - In Liquidation

Summary of Category 1 & 2 Disbursements for period 9 April 2015 - 8 April 2016

Category 1 Disbursements

	Incurred	Paid	Unpaid
	£	£	£
Bond			-
Advertising			-
Postage	5 58	-	5 58
Telephone			-
Car Mileage			-
Travel			-
Subsistence			-
External Room Hire			-
External Photocopying			-
External Records Removal			-
Mail Re-direction			-
Swear Fee			-
Company Search			-
Professional Fees			-
Other			

Category 2 Disbursements

	Incurred	Paid	Unpaid
	£	£	£
Photocopying / Printing	1 53	-	1 53
Registered Office Fee			-
IPS Charge			-
Mileage			-
Room Hire			-

Category 2 Disbursement Rates

Photocopying / Printing	£0 17 per sheet
Registered Office Fee	£125 per annum
IPS Charge	£125 per case
Mileage	£0 45 per mile
Room Hire	£60 per hour where held at MBI Offices

HMEF Limited - In Liquidation

Summary of Liquidation Expenses for period 9 April 2015 - 8 April 2016

Nature of Expense

	Provider	Basis of Remuneration
None		

Expenses Incurred and Paid

	Incurred	Paid	Unpaid
	£	£	£
None			-
			-
			-
			-



Practice fee and disbursement recovery policy

Introduction

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court. Further details about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP9). A copy of the relevant circulation listed in reports to creditors and is also available upon request.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under the old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

Time cost basis

This is the basis that we use in the majority of cases using charge out rates appropriate to the skills and experience of each member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken. Cashiers, secretarial and support staff charge all the time they work as such work has not been allowed for in calculating the hourly rates charged by the partners and other staff. If such time were not charged our charge out rates for Partners and other staff would be approximately 20% higher. Time billed is normally subject to Value Added Tax (VAT) at the applicable rate (see below).

Staff allocation and the use of sub-contractors

The office holder's general approach to resourcing assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.



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The case team will usually consist of partner, senior manager/manager and administrator. The exact case team will depend on the anticipated size and complexity of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Office holder's charge out rate schedule below provides details of all grades of staff.

With regard to support staff, the Office Holder advises that time spent by our Treasury department in relation to specific tasks on an assignment is charged.

The following services are being provided on this assignment by external sub-contractors:

Service Type	Service Provider	Basis of fee arrangement	Cost to date£
Records Storage	Asset Storage Ltd	Fixed Fee	350

Charge out rates

Our charge out rates are reviewed periodically, our charge out rates are summarised below:

Charge out rates per hour effective from February 2013

Grade	Hourly Rate (£)
Insolvency Practitioner	300
Managers	225-250
Assistant Managers	200
Senior Administrator	175
Administrator	150
Senior Assistant/Cashier	150
Support Staff/Secretary	90

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories:

Administration and planning - which includes work such as planning how the case will be administered and progressed, the administrative set up of the case, notifying creditors and others of the appointment, keeping the records relating to the case up to date, case review, case progression meetings, and reporting on progress of the case to creditors and others.



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Investigations - which includes work such as undertaking an initial review of the financial affairs of the company and bankrupt, undertaking a detailed investigation with a view to making recoveries for the benefit of creditors where matters such as preferences or wrongful trading come to light as a result of the initial review, and reporting to the Insolvency Service on the conduct of the directors

Realisation of assets - which includes work such as identifying, securing and insuring assets, dealing with retention of title claims, collecting debts, and selling assets

Employee matters - which includes work such as dealing with employees, and liaising with the redundancy payments office

Creditors - which includes work such as communicating with creditors, dealing with creditors' claims, and where funds permit, paying dividends to creditors

Trading - which includes work such as managing and controlling all aspects of the business, and maintaining financial records and information relating to that trading

Percentage basis

The new legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

Fixed fee

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

Value Added Tax

The office holder's remuneration invoiced to the insolvent estate will normally be subject to VAT at the prevailing rate. The only exception to this is for services rendered in relation to Voluntary Arrangement assignments where a VAT Tribunal has ruled that such services are exempt supplies.

Agent's costs

Charged at cost based on the amount billed by the Agent instructed, the term Agent includes

Solicitors, Legal Advisors, Debtor recovery specialists

Auctioneers, Valuers, Accountants

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Quantity Surveyors

Estate Agents

Document Storage Agents

Other Specialist Advisors

Disbursements

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or MB Insolvency, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are postage, mail redirection, travel, swear fee, company searches, land registry searches, statutory advertising, external meeting room hire, external storage, specific bond insurance and subsistence,

Category 2 expenses are incurred by the firm and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage.

The category 2 disbursements that MB Insolvency apply, when seeking recovery, are as follows,

<u>Type</u>	<u>Rate</u>
Photocopying	17p per sheet
Room Hire (where MB insolvency room is used for formal meetings with external parties)	£60 per hour
Registered Office Fee	£125 per annum
Mileage	60p per mile
Insolvency Practitioners System	£125 per case



Professional advisors

On this assignment the office holder has used the professional advisers listed below. The Office holder has also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Harrison Clark Rickerbys	Time Costs
Nicklins LLP	Fixed fee

The office holder's choice was based on his perception of the professional adviser's experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of his fee arrangement with them.

A CREDITORS' GUIDE TO LIQUIDATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1 1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the liquidator and challenge those they consider to be excessive.

2 Liquidation procedure

- 2 1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.
- 2 2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.
- 2 3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and an official belonging to The Insolvency Service. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by The Insolvency Service on behalf of the Secretary of State. Where an insolvency practitioner is not appointed the official receiver remains liquidator.
- 2 4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

- 3 1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3 2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the

progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's remuneration

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

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

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

It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied. Rule 4.127 says that in arriving at its decision the committee shall have regard to the following matters:

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

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator.

4.3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.

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

5 Review of remuneration

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

6 What information should be provided by the liquidator?

6.1 When fixing bases of remuneration

- 6.1.1 When seeking agreement for the basis or bases of remuneration, the liquidator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.
- 6.1.2 If any part of the remuneration is sought on a time costs basis, the liquidator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.
- 6.1.3 The liquidator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.
- 6.1.4 If work has already been carried out, the liquidator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the liquidator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.2 After the bases of remuneration have been fixed

The liquidator is required to send progress reports to creditors at specified intervals (see paragraph 7.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 7.1, the liquidator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the liquidator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the liquidator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.3 Disbursements and other expenses

- 6.3.1 Costs met by and reimbursed to the liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories:
- **Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the liquidation and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the liquidator or his or her staff.

- **Category 2 disbursements** These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

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

6.3.2 The following are not permissible:

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

6.4 Realisations for secured creditors

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

7 Progress reports and requests for further information

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

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

7.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

7.3 The liquidator must provide the requested information within 14 days, unless he considers that:

- the time and cost involved in preparing the information would be excessive, or

- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

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

8 Provision of information – additional requirements

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

The information which must be provided is –

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

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

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

9 What if a creditor is dissatisfied?

- 9 1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing
- 9 2 If a creditor believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 9 3 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7 1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing
- 9 4 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company

10 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee, or in the preceding administration, is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the liquidation committee, the creditors, in the preceding administration or in accordance with the statutory scale is insufficient, or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

11 Other matters relating to remuneration

- 11.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.
- 11.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.
- 11.3 If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.
- 11.4 If a new liquidator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new liquidator until a further determination, resolution or court order is made.
- 11.5 Where the basis of the remuneration is a set amount, and the liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing liquidator. The application must be made to the same body as approved the remuneration. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.
- 11.6 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

12 Effective date

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

Appendix

Suggested format for the provision of information

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the liquidator,
- the liquidator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the liquidator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the liquidator wishes to claim increased remuneration.

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the liquidator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
 - details of work undertaken during the period, related to the table of time spent for the period,
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
 - any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

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

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

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

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

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

- where cumulative time costs are, and are expected to be, less than £10,000 the liquidator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted