

S.106

Return of Final Meeting in a Creditors' Voluntary Winding Up Pursuant to Section 106 of the Insolvency Act 1986

To the Registrar of Companies

For Official Use

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Company Number

5493440

Name of Company
Morley Consultants Limited

I, Mark Bowen
Hillcairn House,
St Andrews Road,
Droitwich, WR9 8DJ

give notice

- 1 that a general meeting of the Company was summoned for 26 March 2014 pursuant to section 106 of the Insolvency Act 1986, for the purpose of having an account (of which a copy is attached) laid before it showing how the winding up of the Company has been conducted and how the property of the Company has been disposed of and that no quorum was present at the meeting
- 2 that a meeting of the creditors of the Company was summoned for 26 March 2014 pursuant to section 106 of the Insolvency Act 1986, for the purpose of having the said account (of which a copy is attached) laid before it showing how the winding up of the Company has been conducted and how the property of the Company has been disposed of and that no quorum was present at the meeting

The meeting was held at Hillcairn House, St Andrews Road, Droitwich, WR9 8DJ

The winding up covers the period from 9 April 2013 to 26 March 2014

The outcome of and meeting (including any resolutions passed) was as follows -

General meeting - No quorum was present at the meeting

Creditors meeting - No quorum was present at the meeting

Signed


Mark Bowen

Dated 26 March 2014

MB Insolvency, Hillcairn House, St Andrews Road, Droitwich, WR9 8DJ

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Form 4.72 cont'd

Section 106

(1) Assets, including

Asset description	Estimated to realise
Balance at bank	263 00
Total	263.00

shown in the statement of assets and liabilities and estimated to be of the value of £30 28 have proved unrealisable

(2)

(2) Amount paid into the Insolvency Services Account in respect of

- (a) unclaimed dividends payable to creditors in the winding up £0 00
- (b) other unclaimed dividends in the winding up £0 00
- (c) moneys held by the company in respect of dividends or other sums due before the commencement of the winding up to any person as a member of the company £0 00

(3) Any other additional comments the liquidator thinks relevant

None

Dated

26 March 2014

Signed by the liquidator



Name and Address

Mark Bowen
MB Insolvency
Hillcarnie House, St Andrews Road, Droitwich, WR9 8DJ

Liquidator's statement of account: creditors' voluntary winding up

Statement showing how winding up has been conducted and the property of the company has been Disposed of

Name of Company Morley Consultants Limited

From 9 April 2013 (commencement of winding up) to 26 March 2014 (Close of winding up)

SOA Value £		£	£
	ASSET REALISATIONS		
263 00	Balance at bank	232 72	
0 00	Bank interest gross	<u>0 03</u>	
			232 75
	COST OF REALISATIONS		
0 00	Specific penalty bond	(24 00)	
0 00	Statutory Advertising	<u>(208 75)</u>	
			<u>(232 75)</u>
			0 00

Dividend Information

None

Fee Information

Fees based on a Time Cost Basis

MET Bowen appointed liquidator on 9 April 2013

Morley Consultants Limited (In Liquidation)

Liquidator's final report and account pursuant to Section 106 of the Insolvency Act 1986

Period 9 April 2013 (commencement of liquidation) to 26 March 2014 (conclusion of winding up)

Contents

- ☐ Company and liquidator's details
- ☐ Receipts and payments account
- ☐ Creditor claims
- ☐ Dividends
- ☐ Other relevant information
- ☐ Creditors' right to challenge
- ☐ Report status
- ☐ Final meetings
- ☐ Resolutions
- ☐ Appendices
 - 1 Liquidator's final account of receipts and payments for the period of the liquidation
 - 2 Liquidator's time costs
 - 3 Liquidator's expenses

1. Company and Liquidator's Details

Company registered number	5493440
Nature of business	Management company
Former trading address	22 The Tything, Worcester, WR1 1HD
Date winding up commenced	9 April 2013
Name of liquidator	MET 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 final report and account, which is issued under the provisions of Section 106 of the Insolvency Act 1986, should be read in conjunction with the report on the S98 meeting dated 9 April 2013

2. Receipts and Payments Account

Attached at Appendix 1 is my final account of receipts and payments for the entire duration of the liquidation from 9 April 2013 to 26 March 2014. My comments on items appearing in the account are as follows -

Liquidator's actions

The assets of the company together with their estimated to realise values and the actual amounts received are shown on the attached receipts and payments account. The only asset of the company was the balance at bank which was received.

Receipts

The transactions are detailed on the attached receipts and payments account. They have either been fully explained in earlier reports or are self-explanatory and therefore I believe no further comment is necessary.

Payments

These are detailed on the attached receipts and payments account and are self-explanatory. Further details are available on request.

Liquidators' Remuneration

The liquidator's remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the liquidation. These, and the tariff for the liquidator's Category 2 disbursements, were approved at a meeting of creditors held on 9 April 2013. MB Insolvency's scale rates were increased in February 2013, however the effect on liquidation costs is not material and in any event certain costs have necessarily been written off.

The directors authorised the costs of convening the meetings of members and creditors and the preparation of the statement of affairs at £5,000, plus VAT and expenses and disbursements, and this was subsequently approved at a meeting of creditors held on 9 April 2013. This sum has been paid by the directors and drawn in full with the above approval.

Since the date of appointment, the total time spent on this assignment, including a provision of 16 hours (£2,500) for closing costs, amounts to 24 hours (244 units of 6 minutes duration) at an average composite rate of £155 per hour resulting in total time costs of £3,790. This sum has been written off. The amount of the composite rate reflects the complexity of the matters dealt with and the expertise of the staff required.

Expenses and disbursements amount to £715 against which the sum of £233 has been drawn with the above approval and the balance written off.

The payments have been made in accordance with the Rules and Regulations generally as to the payment of costs and expenses in the liquidation. Further information as regards time costs and expenses is set out at Appendix 2 and Appendix 3.

3. Creditor Claims

Secured creditors

There were no secured creditors' claims

Preferential Creditors

There were no preferential creditors' claims

Unsecured creditors

The unsecured creditors' claims were estimated by the directors to amount to £130,000. As it was considered that funds would not be available for distribution to unsecured creditors, no action has been taken to agree the claims for distribution purposes. Where appropriate, the claims have been acknowledged.

4. Dividends

The Prescribed Part provisions of S176A of the Insolvency Act 1986 do not apply to this company as there was not a qualifying charge.

Funds were not available for distribution to creditors.

In the context of the information herein presented, accordingly Notice is hereby given pursuant to Rule 4.186 of The Insolvency Rules 1986 that no dividend will be declared in respect of non-preferential creditors in this matter for the reason that the funds realised have already been distributed or used or allocated for defraying the expenses of the liquidation. In this connection, the particulars prescribed by Rule 11.6 of the Insolvency Rules 1986 are contained within this report and accompanying account of receipts and payments.

5. Other Relevant Information

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, a liquidator is also required to consider the conduct of the company's directors and to make an appropriate submission to the Department of Trade and Industry. I can confirm that I have discharged my duties in these respects.

6. Creditors' Rights to Challenge

Rule 4.49E of the Insolvency Rules 1986 (as amended) provides for any creditor who has at least 5% in value of the unsecured creditors to make a written request for further information within 14 days of receipt of this report. Rule 4.131 of the Insolvency Rules 1986 (as amended) provides for any creditor who has at least 10% in value of the unsecured creditors to make an application to the court for an order that the Liquidator's remuneration is excessive, such application to be made within 28 days of receipt of this report.

Further information or a full copy of the relevant rules is available on receipt of a written request.

7. Report status

Pursuant to Rule 4.49D et seq. of the Insolvency Rules 1986, this report is presented as a draft. Subject only to any challenge being made under section 6 above, this report will become final on 26 February 2014.

8. Final meetings

This report and account of receipts and payments will be laid before final meetings of the Company and the creditors to be held on 26 March 2014 in accordance with Section 106 of the Insolvency Act 1986. The meetings are a formal requirement of liquidation procedure and are a prelude to the formal dissolution of the Company, which will occur automatically, approximately three months later.

The meetings are rarely attended, and are being held at my office in order to minimise costs. Should any creditor require further explanation of matters contained within the report, they should contact my office and speak in the first instance to Jon Molendo who will be pleased to assist. If any creditor wishes to attend the meeting, it would assist me in making the necessary administrative arrangements if you would inform Jon Molendo by telephone on 01905 776771 or by email on jonmolendo@mb-l.co.uk. This is particularly important for any creditor wishing to attend who considers that the proposed venue is inconvenient. In that event I will consider reconvening the meetings at an alternative venue to be agreed. Any such request should be made within the next seven days so that I may inform all creditors of the revised arrangements.

9. Resolutions

The following resolutions will be considered at the final meeting -

- 1 Approval of the final report and account previously circulated to members and creditors, and
- 2 Authority for the Liquidator to destroy the company's books and records 12 months after the company is dissolved

A proxy form was included for your use with my circular and, for your convenience, the resolutions are printed on the form. If you wish to propose any other resolutions please use the space provided or the reverse of the form.



MET Bowen
Liquidator

Dated 13 January 2014

Morley Consultants Limited - in Liquidation**Appendix 1****Projected summary of the Liquidator's Receipts and Payments Account****Period 9 April 2013 to 26 March 2014**

	Estimated to realise £	Total £
Receipts		
Balance at bank	263	233
Interest on investments		0
Total receipts	<u>£263</u>	<u>£233</u>
Payments		£
Liquidator's remuneration		0
Liquidator's disbursements		
Specific penalty bond		24
Statutory Advertising		209
		<u>233</u>
Dividends		0
Total Payments		<u>£233</u>

Projected Summary of Liquidator's Time Costs from 9 April 2013 to 26 March 2014

	Partner		Senior Manager		Senior Manager 2		Manager		Administrator		Support		Casher		Total		Average	
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £	Hourly Rate £
Statutory & Review	-	-	-	-	-	-	-	-	10	150.00	-	-	-	-	10	150.00	150.00	150.00
Receipts & Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	2	30.00	-	-	-	-	2	30.00	150.00	150.00
Creditors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debenture Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Apprt Creds Meetings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appointment	-	-	-	-	-	-	-	-	30	360.00	-	-	-	-	30	360.00	120.00	120.00
Pre-Appointment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Appointment Creds Mtngs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CDDA Reports	-	-	-	-	-	-	-	-	23	345.00	-	-	-	-	23	345.00	150.00	150.00
Investigations	-	-	-	-	-	-	-	-	5	75.00	-	-	-	-	5	75.00	150.00	150.00
Case Specific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assessment	-	-	-	-	-	-	-	-	7	105.00	-	-	-	-	7	105.00	150.00	150.00
Strategy & purpose evaluation	-	-	-	-	-	-	-	-	2	225.00	-	-	-	-	2	225.00	1,500.00	1,500.00
Preparation of documents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chargeholder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for closing costs	5	150.00	-	-	70	1,400.00	-	-	10	150.00	40	400.00	40	400.00	165	2,500.00	151.52	151.52
Pre-Appointment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Appointment	5	150.00	-	-	70	1,400.00	-	-	89	1,440.00	40	400.00	40	400.00	244	3,790.00	155.65	155.65
Total	5	150.00	-	-	70	1,400.00	-	-	89	1,440.00	40	400.00	40	400.00	244	3,790.00		
Average Hourly Rate (£)		300.00				200.00				162.71		100.00		100.00		155.65		

All Units are 6 minutes

Morley Consultants Limited - in Liquidation
Period 9 April 2013 to 26 March 2014
Summary of category 1 disbursements

Appendix 3

	Paid £	Unpaid £	Total £
Bond	24	0	24
Advertising	209	91	300
	<u>£233</u>	<u>£91</u>	<u>£324</u>

Summary of category 2 disbursements

Photocopying/Printing	0	14	14
Postage	0	7	7
Registered office fee	0	125	125
Case Administration charge	0	125	125
Room hire	0	120	120
	<u>£0</u>	<u>£391</u>	<u>£391</u>
Total expenses and disbursements	<u>£233</u>	<u>£482</u>	<u>£715</u>

Category 2 disbursement rates:

Type	Rate
Photocopying/Printing	£0 17 per sheet
Fax	£0 40 per sheet
IPS charge	£25 per quarter, max £200
Room hire	£30-£50 per hour

Category 2 disbursement rates (from 1 May 2010):

Photocopying/Printing	£0 17 per sheet
Fax	£0 40 per sheet
Colour Copying	£2 50 per sheet
Storage of boxes internally	£6 00 per box per qtr
Destruction of boxes	£8 50 per box
Registered Office Fee	£125 pa
Case Administration charge	£125 per case
Mileage	£0 40/£0 60 per mile
Room hire	£60 per hour where held at MB Insolvency Offices

The above includes the costs associated with the production and circularisation of this correspondence, and the costs associated with the meeting of creditors



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 subject to Value Added Tax (VAT) at the applicable rate.

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 (£)
Partner	300
Managers	225-250
Assistant Managers	200
Senior Administrator	175
Administrator	150
Senior Assistant/Cashier	150
Support Staff/Secretary	90

Charge out rates per hour effective from May 2010

Grade	Hourly Rate (£)
Partner	275-350
Senior Manager	225-250
Manager/Administrator	70-160
Support Staff	50-100

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.

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.



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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 officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

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

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.



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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	45p per mile
Admin System	£125 per case

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 seeking remuneration approval

- 6.1.1 When seeking agreement to his fees the liquidator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:
- * the nature of the approval being sought,
 - * the stage during the administration of the case at which it is being sought, and the size and complexity of the case.
- 6.1.2 Where, at any creditors' or committee meeting, the liquidator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.
- 6.1.3 Where the liquidator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the liquidator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the liquidator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the liquidator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the

time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the liquidator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity 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 explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- * Any significant aspects of the case, particularly those that affect the amount of time spent
- * The reasons for subsequent changes in strategy
- * Any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make
- * The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- * Any existing agreement about fees
- * 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

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

6.1.4 Where the fee is charged on a percentage basis the liquidator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by a liquidator or his staff.

6.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the liquidator should notify the creditors of the details of the resolution in his next report or circular to them.

When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 7.1 below).

Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 6.1.3. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 6.1.4 above regarding work which has been sub-contracted out.

6.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. Professional guidance issued to insolvency practitioners requires that, where the liquidator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the liquidator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

- 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 a winding-up resolution passed on or after 6 April 2010,
- * goes into voluntary liquidation immediately following an administration on or after 6 April 2010, except where the preceding administration began before that date,
- * goes into compulsory liquidation as the result of a petition presented on or after 6 April 2010, except where the liquidation was preceded by
 - an administration which began before that date,
 - a voluntary liquidation in which the winding-up resolution was passed before that date