

LIQ03

Notice of progress report in voluntary winding up



Companies House

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www.gov.uk/companieshouse

1 Company details

Company number 0 6 0 5 3 9 0 5

Company name in full I Supply Energy Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Ben

Surname Woodthorpe

3 Liquidator's address

Building name/number 22 York Buildings

Street

Post town London

County/Region

Postcode W C 2 N 6 J U

Country

4 Liquidator's name ①

Full forename(s) Simon

Surname Jagger

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number 22 York Buildings

Street

Post town London

County/Region

Postcode W C 2 N 6 J U

Country

② Other liquidator

Use this section to tell us about
another liquidator.

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **ReSolve Advisory Limited**Address **22 York Buildings**Post town **London**

County/Region

Postcode

W	C	2	N		6	J	U
---	---	---	---	--	---	---	---

Country

DX

Telephone

020 7702 9775**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

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**Where to send**

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

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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I Supply Energy Limited

In Member's Voluntary Liquidation

Joint Liquidators' Annual Report to the Member
For the period 5 January 2022 to 4 January 2023

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1. INTRODUCTION

I refer to the appointment of Joint Liquidators of I Supply Energy Limited (the Company) on 5 January 2021. This is the report to the member following the second anniversary of the appointment of Joint Liquidators.

The report covers the liquidation period from 5 January 2022 to 4 January 2023 (the Reporting Period) and details actions taken by me as Joint Liquidator and my staff to date. The account should be read in conjunction with the first progress report dated 4 March 2022, a copy of which can be obtained from this office on request, free of charge.

The Company's statutory information is detailed at Appendix I.

2. JOINT LIQUIDATORS' ACTIONS DURING THE REPORTING PERIOD

The following actions have been undertaken by my staff and I in the period from 5 January 2022 to 4 January 2023 (the Reporting Period):

- a) Following the anniversary, I prepared the progress report to the member dated 4 March 2022 and uploaded it to Companies House
- b) Liaised with HM Revenue & Customs (HMRC) in respect of the pre liquidation VAT refund due to the Company.
- c) Reclaimed the outstanding VAT from the post liquidation period.
- d) Completion of an outstanding pre liquidation VAT return.
- e) Followed up with HMRC regarding the necessary clearances to conclude the liquidation.
- f) Engaged with Warrener Stewart Limited ("Warrener") to have the post liquidation corporation tax return, for the period ending 3 January 2023, submitted, and paid.
- g) Arranged for unrepresented cheques of five creditors to be cancelled and reissued after expiration of six months.
- h) Contacted suppliers and received payment in respect of outstanding deposits.
- i) Paid a creditor invoice on behalf of the member (parent) company, Vattenfall UK Sales Limited (In Member's Voluntary Liquidation) ("VAB"). Simon Jagger and I are the appointed Joint Liquidators of VAB, which presently has no bank account; merely its' investment in the Company. Approval was sought, and consent received from the ultimate shareholder and beneficiary for the settlement of this debt.
- j) Liaised with former debt collection agent, Allied International Credit UK Limited ("Allied") in respect of outstanding customer debts. As per my last annual report, Allied was one of the Company's former customer debt collector agencies. They were collecting historic debts (the customer had come to an arrangement with Allied to pay a set amount per week/month to clear their debt). As the amounts were being collected are not material, Allied had been advised to discontinue with the collection. The sum of £16,741.57 has been received once commission was deducted. No further realisations are anticipated.
- k) My staff have liaised with former customers in respect of any claims or queries they had regarding their former accounts with the Company. This has recently included responding to correspondence from former customers regarding County Court Judgements lodged against them by agents collecting debts on behalf of the Company.
- l) Continued to receive some nominal receipts into the account from former customers, mainly from Bankruptcies and customers who has entered into an Individual Voluntary Arrangement ("IVA")

- m) Adjudicated various creditor claims, the majority of which were rejected in full, either due to expiration of the period in which to claim, or on the basis that claim was not against the Company.
- n) Periodically carried out file reviews, planning, bank reconciliations, and bond (insurance) reviews. There are matters undertaken during the solvent liquidation process and provide no direct benefit to the members, but such work is required to meet statutory and regulatory requirements, and best practice guidance.
- o) Responded to Subject Access Requests under the Freedom of Information Act 2000 from former customers.
- p) Continued to receive and followed up with outstanding receivables due to the Company. Contract Natural Gas Limited ("CNG") was the largest receivable at £35,510. CNG entered Administration on 17 December 2021. Following a discussion with the ultimate shareholder, it has been decided not to pursue a claim in the Administration, as the costs of collating and submitting a claim are expected to exceed any amounts paid as a dividend by the Administrators of CNG.
- q) Arranged for the books and records of the company to be collected and transported from Big Yellow Self Storage Company ("BY") ("the Company's Storage Agent) to Imagestor (the Storage Agent for ReSolve Advisor Limited) to keep costs in the liquidation to a minimum.
- r) Reconciled the Company's Nordea bank account to reconcile National Grid receipts received prior to the commencement of the liquidation. Following reconciliation, it was noted, no further amounts are due.

3. RECEIPTS AND PAYMENTS

Attached at Appendix II is the receipts and payments account for the period 5 January 2022 to 4 January 2023. Estate funds were banked in a designated liquidation bank account at a UK High Street Bank. Accordingly, there is no account held by the Secretary of State.

4. ASSET REALISATIONS

The directors Declaration of Solvency ("DOS") showed that the Company's assets were as follows:

Assets	Declaration of Solvency estimated to realise	Realisations during the reporting period	Total Realisations during the liquidation
	£		£
Member Contribution	-	-	800,000
Deposits Refundable	67,579	39,045	39,045
Book debts from Allied International		16,742	16,742
Debtors (Customers) (£5,477,799) (NB The Directors included a 100% bad debt provision against this sum)	-	15	139,442
Trade Receivables	147,255	3,391	232,580
VAT Refund	188,000	-	-
Insurance Refund	-	-	1,828
Meter Register Administration Refund	-	-	3,173
Rates Refund	-	-	33,904
Bank Interest Gross	-	578	628
Total	£402,834	£59,771	£1,267,342

Deposits refundable, debtors and trade receivables.

Deposits

At date of liquidation, the DOS recorded deposits refundable of £67,579. The sum of £39,045 has been received during the reporting period. No further material realisations are likely.

Debtors

During the reporting period the sum of £15 has been received. These nominal receipts relate to former customers who were made Bankrupt or entered an IVA whereby dividends were paid to the creditors. There may be some further nominal receipts in the following reporting period.

Book debts from Allied

The sum of £16,742 has been received once commission was deducted. No further realisations are anticipated.

Trade Receivables

The DOS recorded Trade Receivables to be realised in the sum of £147,255. The sum of £3,391 has been received during the reporting period, bringing total realisations to date of £232,580. Due to the financial crisis in the energy market, no further realisations are anticipated.

Bank interest

The sum of £578 has been received during the reporting period in respect of bank interest. This amount is paid gross.

HMRC

At commencement of the winding up, the DOS recorded no liabilities due to HMRC. Rather a VAT receivable was recorded totalling £188,000 as being due to the Company.

On my appointment, I immediately wrote to HMRC to inform them of the liquidation and request they submit a claim for any outstanding liabilities. Currently, HMRC have not submitted a claim despite all outstanding returns being submitted. Clearances to conclude the liquidation have yet to be received and are followed up on a regular basis.

5. LIABILITIES

The following payments have been made during the Reporting Period:

Corporation tax during post liquidation period

The Joint Liquidators engaged with Warrener, the Company's pre-liquidation tax advisors, to prepare the post liquidation tax return. Tax, for the first 12 months of the winding-up, was calculated in the sum of £24,793 and was paid to HMRC. The sum of £2,000 was paid to Warrener for preparation and submission of the tax return.

Storage costs

The sum of £690 was paid to Imagestor for the collection, indexing and storage of the Company's records and £24 to BY during the reporting period.

Joint Liquidators Remuneration and Expenses

Please see Section 7 of this report for further information.

Creditors/Accruals

In the previous Reporting Period, the Joint Liquidators published a notice in the London Gazette inviting creditors to submit details of claims they may have against the Company. The Joint liquidators also wrote to certain parties identified as having actual or contingent claims against the Company requesting a proof of debt to be submitted. There remained five cheques which had not been presented to the Company's bank account, and these were reissued to the creditors, resulting in payment of £31,152 in this reporting period. Any remaining cheques not presented to the bank within six months will be paid to The Insolvency Service in accordance with the Insolvency Act before closure of the liquidation.

Trade and expense creditors of *Vattenfall UK Sales Limited* ("VAB")

Two creditor invoices totalling £9,157 were paid on behalf of VAB, the member company which was placed into liquidation on 17 February 2022. For an explanation, please see section 2 - i) above.

Statutory interest

Pursuant to the Insolvency Act 1986, statutory interest totalling £236 was paid on creditor claims during the reporting period.

6. DISTRIBUTIONS TO THE MEMBER

There have been no distributions to the member during the reporting period. A final distribution will be made to the member once HMRC clearances have been received. An interim distribution will be considered on receipt of the pre liquidation VAT refund.

7. JOINT LIQUIDATORS' REMUNERATION AND EXPENSES

Basis of remuneration

Written resolutions of the member dated 5 January 2021 resolved that the Joint Liquidators' remuneration should be fixed at £20-30,000 plus VAT for assisting with the preparation of the Declaration of Solvency and the winding up of the Company.

Joint Liquidators' Remuneration

The Joint Liquidators have incurred substantial time costs in respect of the winding up of the Company and therefore sought a further resolution to increase the time costs to a total of £75,994. This was approved by the member and consequently an additional £45,994 was billed bringing total fees drawn to £75,994 in the reporting period. A schedule of my time incurred to date is attached at Appendix III.

As further time continued to be incurred on finalising the liquidation, an additional resolution was sought in the reporting period to recover the increased time costs. The sum of £57,330 was agreed by the member and paid during the reporting period.

The sum of £23,899 was agreed and paid in respect of pre appointment advisory fees when advising the Directors and the Company prior to liquidation on their business closure and wind-down plans.

Joint Liquidators' Remuneration- VAB

As explained at section 2 – i), the member (parent) of the Company was placed into liquidation on 17 February 2022. As there are no funds held in VAB, it was agreed by way of written ordinary resolution that the Joint Liquidators' remuneration for VAB be drawn from the funds of the Company. The sum of £6,750 has been paid along with £367 expenses in respect of the winding-up of VAB.

A narrative of work incurred during the reporting period is attached at Appendix III.

Joint Liquidators' expenses

Expenses are any payment from the estate which is neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements.

Disbursements are payment which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- Category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- Category 2 expenses, which are payments to associates which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

The following expenses have been incurred and the sum of £1,182 has been paid:

Post- appointment	Category 1 £	Category 2 £	Total £	Incurred in period £	Paid to date £	Estimated future £
Couriers	485.88	-	485.88	-	485.88	-

Bond (insurance)	387.50	-	387.50	-	387.50	-
Fireproof Safe x2	55.00	-	55.00	-	55.00	-
Postage	20.49	-	20.49	-	20.49	-
Data caddy	232.74	-	232.74	-	232.74	-
				-		
Total	1,181.61	-	1,181.61	-	1,181.61	-

Courier costs are higher than would be usually expected. Due to Covid-19 restrictions, and that the Company's storage facilities were located on the south coast, courier costs were incurred in moving data caddies and sensitive files to ReSolve's offices and on occasion to the homes of staff members and back.

There were no Category 2 expenses incurred.

As per regulatory best practice, a copy of 'A Member's Guide to Liquidators' Fees', is attached at Appendix IV.

I have used the following agents/professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Warrener Stewart LLP	Corporation tax return preparation and submission	Fixed fee

Warrener Stewart ("Warrener")

Warrener were the Company's pre-liquidation tax advisors, knew the history of the Company and were engaged under a fixed fee for the assistance with the preparing and submission of the post liquidation corporation tax return. The sum of £2,000 was paid to Warrener. Further engagement may be required in the next reporting period to submit the final tax return.

Where relevant, the choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

8. FURTHER INFORMATION

A Member may, with the permission of the court or with at least 5% of the total voting rights of all the Members having the right to vote at general meetings of the company request further details of the Joint Liquidators' remuneration and expenses, within 21 days of receipt of this report.

A Member may, with the permission of the court or with at least 10% of the total voting rights of all the Members having the right to vote at general meetings of the company, apply to Court to challenge the amount of remuneration charged by the Joint Liquidators as being excessive, and/or the basis of the Joint Liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report.

At ReSolve we always strive to provide a professional and efficient service. However, we recognise that it is sometimes inherent in these proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of this case then in the first instance you should contact one of the Joint Liquidators at the address given in this letter.

If you consider that they have not dealt with your comments or complaint appropriately you should then put details of your concerns in writing to our complaints officer at complaints@resolvegroupuk.com. This will then formally invoke our complaints procedure and we

will endeavour to deal with your complaint under the supervision of someone unconnected with the appointment.

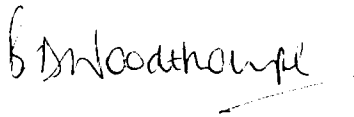
If you still feel that you have not received a satisfactory response, then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, or you may email ip.complaints@insolvency.gov.uk, or you may phone 0300 6780015. The Complaints Gateway will in turn determine if such complaint should be addressed by Mr Woodthorpe's and Mr Jagger's regulatory body. Details of the relevant call charges and opening hours can be found here: <http://www.resolvegroupuk.com/policies2/>.

9. NEXT STEPS

HMRC clearances to conclude the liquidation have yet to be received and we are still awaiting the pre liquidation VAT refund. Once these matters have been finalised, I will be in a position to proceed to closure of the liquidation.

Should you have any further queries in respect of this liquidation, please do not hesitate to contact Deborah Islam of this office.

Yours faithfully



Ben Woodthorpe
Joint Liquidator

For enquiries regarding this correspondence please contact:

Contact name: Deborah Islam
Phone number: 020 7702 9775
Email: Deborah.islam@resolvegroupuk.com

Cameron Gunn, Mark Supperstone, Lee Manning, Chris Farrington, Ben Woodthorpe, Simon Jagger, and Russell Payne are licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales and act without personal liability at all times.
Please refer to the firm's privacy notice setting out your rights and explaining how your data will be used. The notice can be found on our website here www.resolvegroupuk.com/policies2/.

APPENDIX I

Details of Joint Liquidators' Appointment

Company name:	I Supply Energy Limited
Registered number:	06053905
Date of incorporation:	16 January 2007
Nature of Business:	Trade of electricity and trade of gas through mains
Registered office:	c/o ReSolve Advisory Limited 22 York Buildings John Adam Street London WC2N 6JU
Former registered office:	First Floor, 1 Tudor Street London EC4Y 0AH
Date of appointment:	5 January 2021
Appointed by:	The member.
Liquidators:	Ben Woodthorpe and Simon Jagger ReSolve Advisory Limited 22 York Buildings John Adam Street London WC2N 6JU

APPENDIX II

**I Supply Energy Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments**

Declaration of Solvency £	From 05/01/2022 To 04/01/2023 £	From 05/01/2021 To 04/01/2023 £
	ASSET REALISATIONS	
	Bank Interest Gross	578.13
	Book Debts	14.52
	Book Debts rec from Allied Internation	16,741.57
67,579.00	Deposits Refundable	39,045.16
	Insurance refunds	NIL
	Member Contributions	NIL
	Meter Register Administration Refund	NIL
	Rates Refund	NIL
147,255.00	Trade Receivables	3,390.52
188,000.00	VAT Refund	NIL
		<u>59,769.90</u>
		<u>1,267,340.86</u>
	COST OF REALISATIONS	
	Corporation Tax	24,792.72
	Legal Fees	NIL
(1,500.00)	Office Holders Expenses	1,181.61
	Office Holders Expenses Vattenfall UK	367.00
(65,000.00)	Office Holders Fees	57,330.00
	Office Holders fees - Vattenfall UK Sal	6,750.00
	Pre Liquidation Advisory Fees	NIL
	Professional Fees	2,000.00
	Settlement Agreement	NIL
	Statutory Advertising	NIL
	Storage Costs	714.48
		<u>(93,135.81)</u>
		<u>(607,996.52)</u>
	UNSECURED CREDITORS	
	Bank Charges on Nordea Bank A/c po	NIL
	Bank Interest on Nordea Bank account	NIL
	DWP Repayments	NIL
(10,365.00)	Statutory Interest	236.27
	Trade & Expense Creditors of Vat UK	9,156.75
(2,206,700.00)	Trade & Expense Creditors/Accruals	31,151.50
		<u>(40,544.52)</u>
		<u>(300,561.37)</u>
(1,880,731.00)	(73,910.43)	358,782.97
	REPRESENTED BY	
	Interest Bearing Estate Account	239,617.99
	Nordea Bank Account	118,309.38
	Vat Receivable	855.60
		<u>358,782.97</u>

Note:

The Company's former bank account, Nordea Bank was overdrawn at the point of liquidation. Further transactions continued to debited and credited from the Nordea bank account until the account was closed. The figure shown for the Nordea Account represents the total balance debited post liquidation. The Company's member arranged for the overdraft to be repaid in full and the Company's bank account has since been closed.

LIQUIDATORS' REMUNERATION POLICY, EXPENSE POLICY, CHARGE OUT RATES AND NARRATIVE

Joint Liquidators' **charge out** rates.

The Joint Liquidators are remunerated on a time cost basis. Charge out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in six-minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. The hourly charge out rates to be used on this case are as follows:

Staff grade	Rate per hour from 1 August 2022 (£)	Rate per hour from 1 May 2021 (£)
Partner	705-795	625 - 755
Director	615	515 - 535
Senior Manager	500	435
Manager	420	375
Assistant Manager	375	305
Senior Administrator	300	255
Administrator	245	220
Junior Administrator	175	175

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Advisory Limited. Our cashier is charged at the Senior Administrator rate. The charge out rate for Ben Woodthorpe, the lead office holder in this case, is £705 per hour.

Expense policy

In accordance with Statement of Insolvency Practice 9, the basis of expense allocation must be fully disclosed to members. Expenses are categorised as either Category 1 or Category 2 expenses:

Category 1

These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without member approval. Examples of Category 1 expenses are statutory advertising, external meeting room hire, external storage, specific bond insurance, external information hosting charges, and Company search fees.

Category 2

These are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement. Category 2 expenses that are likely to be incurred, and require specific approval include:

Mileage	45 pence per mile paid to staff working on the insolvency appointment
Photocopying	20 pence per sheet of paper for reporting purposes (correspondence will be digital where at all possible to minimise this expense)

Category 1 and Category 2 expenses are subject to the rights of members to seek further information about them or challenge them.

Narrative of work carried out:

1. Statutory

These activities involve complying with legislation including but not limited to; The Insolvency Act 1986, The Insolvency Rules 2016, The Companies Act 2006, The Bribery Act 2010, the Money Laundering Regulations 2017, SIPs, and Pension Regulations. These activities do not add any direct benefit to members, and they form part of the statutory obligations of the Administration.

- Preparation and delivery of all statutory documentation.
- Dealing with statutory issues required under IA86, IR 2016 and the Statements of Insolvency Practice.
- Filing returns at Companies House.
- Preparing, reviewing and issuing annual progress reports to Member.

2. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder. It does not give direct financial benefit to the members but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Maintained the bank account.
- Dealing with all routine correspondence and emails relating to the case.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case-by-case administrators.

3. Realisation of Assets

- Collect in further trade receivables.
- Collect in an outstanding deposit.
- Communication with Allied in relation to finalising and sending over the remaining debtor balance.
- Receive debtor payments from former customers who are in Bankruptcy or under an IVA.
- Follow up with HMRC regarding the pre liquidation VAT refund due.

4. Creditors

- Communication with HMRC in relation to providing clearances.
- Review and pay and outstanding creditors on behalf of VAB.
- Cancel and reissue cheques to creditors due to expiration.
- Communication to former customers and solicitors regarding their CCJs

Joint Liquidators’ Remuneration
Cumulative time costs for the period
5 January 2021 to 4 January 2023

APPENDIX III

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)	Total Hours Cum (POST Only)	Total Time Costs Cum (POST Only)
Admin & Planning	31.30	98.20	99.55	0.00	229.05	73,977.00	322.97	229.05	73,977.00
Advisory	6.00	0.00	0.00	0.00	6.00	3,090.00	515.00	6.00	3,090.00
Creditors	30.70	61.90	22.50	0.00	115.10	40,282.50	349.98	115.10	40,282.50
Investigations	2.60	25.60	5.00	0.00	33.20	10,433.00	314.25	33.20	10,433.00
Pre Appointment	0.60	0.80	0.00	0.00	1.40	553.00	395.00	2.40	1,068.00
Realisation of Assets	11.50	20.00	0.30	0.00	31.80	12,522.00	393.77	31.80	12,522.00
Statutory	13.60	12.00	8.50	0.00	34.10	13,622.00	399.47	34.10	13,622.00
Statutory Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	31.00	0.60	0.00	0.00	31.60	16,266.00	514.75	34.10	17,553.50
Total Hours / Costs	127.30	219.10	135.85	0.00	482.25	170,745.50	354.06	485.75	172,548.00
Total Fees Claimed						133,323.50			
Total Disbursements Claimed						1,181.61			

Joint Liquidators’ Remuneration
During the Reporting Period
5 January 2022 to 4 January 2023

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)	Total Hours Cum (POST Only)	Total Time Costs Cum (POST Only)
Admin & Planning	13.10	36.80	30.40	0.00	80.30	28,998.50	361.13	229.05	73,977.00
Advisory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	3,090.00
Creditors	3.30	2.50	3.40	0.00	9.20	3,593.50	390.60	115.10	40,282.50
Investigations	0.00	3.00	1.20	0.00	4.20	1,344.00	320.00	33.20	10,433.00
Pre Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.40	1,068.00
Realisation of Assets	1.60	4.30	0.30	0.00	6.20	2,549.00	411.13	31.80	12,522.00
Statutory	6.20	10.60	0.10	0.00	16.90	7,338.00	434.20	34.10	13,622.00
Statutory Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	1.00	0.00	0.00	0.00	1.00	535.00	535.00	34.10	17,553.50
Total Hours / Costs	25.20	57.20	35.40	0.00	117.80	44,358.00	376.55	485.75	172,548.00
Total Fees Claimed						133,323.50			
Total Disbursements Claimed						1,181.61			

A Member's Guide to Liquidators' Fees - England and Wales

1 Introduction

When a company goes into liquidation the costs of the proceedings are paid out of its assets. The members (i.e., shareholders) therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for members to fix the basis of the liquidator's fees. This guide is intended to help members be aware of their rights to approve and monitor fees and explains the basis on which fees are fixed.

2 Liquidation procedure

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. Where a declaration of solvency has been sworn by all or a majority of the directors of a company (as would usually be the case where they believe that the company has surplus assets to be distributed to members) a liquidation instituted by resolution of the shareholders is called a members' voluntary liquidation (often abbreviated to 'MVL').

3 Fixing the liquidator's fees.

The basis for fixing the liquidator's remuneration in an MVL is set out in the Insolvency (England & Wales) Rules 2016 ("the Rules"). The Rules state that the remuneration shall be fixed either:

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

4. Who fixes the remuneration?

It is for the members of the company to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage to be applied. The Rules state that in arriving at their decision the members shall have regard to the following matters:

the complexity (or otherwise) of the case;

any respects in which, in connection with the company's affairs, there falls on the liquidator any responsibility of an exceptional kind or degree;

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 with which the liquidator has to deal.

A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with the scale laid down for official receivers.

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

General principles

The liquidator should provide those responsible for approving his remuneration with sufficient information to enable them to make an informed judgement about the reasonableness of the liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to member, while being proportionate to the circumstances of the case.

The liquidator should disclose:

payments, remuneration and expenses arising from the administration paid to the liquidator or his or her associates;

any business or personal relationships with parties responsible for approving the liquidator's remuneration or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.

The liquidator should inform members of their rights under insolvency legislation and should advise them how they may access suitable information setting out their rights within the first communication with them and in each subsequent report.

Where the liquidator sub-contracts out work that could otherwise be carried out by the liquidator or his or her staff, this should be drawn to the attention of members with an explanation of why it is being done.

Key issues

The key issues of concern to those with a financial interest in the level of payments from the insolvency estate will commonly be:

the work the liquidator anticipates will be done, and why that work is necessary;

the anticipated cost of that work, including any expenses expected to be incurred in connection with it;

whether it is anticipated that the work will provide a financial benefit, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute);

the work actually done and why that work was necessary;

the actual costs of the work, including any expenses incurred in connection with it, as against any estimate provided;

whether the work has provided a financial benefit, and if so what benefit (or if the work provided no direct financial benefit but was required by statute).

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

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

Disbursements

Costs met by and reimbursed to the liquidator in connection with the liquidation will fall into two categories:

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the liquidation. 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: 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 may be incurred by the liquidator or their firm, and that can be allocated to the liquidation on a proper and reasonable basis.

When seeking approval, the liquidator should explain, for each category of cost, the basis on which the charge is being made. If the liquidator has obtained approval for the basis of Category 2 disbursements, that basis may continue to be used in a sequential appointment where further approval of the basis of remuneration is not required, or where the liquidator is replaced.

The following are not permissible as disbursements:

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.

Progress reports and requests for further information

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

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, a statement of 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 things done by the liquidator during those periods, irrespective of whether payment was actually made during the period of the report;

a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period;

a statement of the members' rights to request further information and their right to challenge the liquidator's remuneration and expenses.

Within 21 days of receipt of a progress report, a member 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 by members with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the Company or by any member with the permission of the court.

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

the time or cost of preparation of the information would be excessive, or

disclosure would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or

the liquidator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information.

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

7. Provision of information – additional requirements

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

The information which must be provided is:

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

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

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

8. What if a member is dissatisfied?

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

Application may be made to the court by members with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the Company, or any member with 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. 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.

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 company.

9. Other matters relating to fees

Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with the scale laid down for the official receivers. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

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, or a meeting of members.

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.

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.

There may also be occasions when members 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. Any arrangements of this nature will be a matter for agreement between the liquidator and the members concerned and will not be subject to the statutory rules relating to remuneration.

Whilst every care has been taken in its preparation, this statement is intended for general guidance only.