

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



\*A8YMRQG3\*

A14

12/02/2020

#253

COMPANIES HOUSE

### 1 Company details

Company number 0 6 7 2 5 3 4 6

Company name in full Cicada Construction Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) James

Surname Hopkirk

### 3 Liquidator's address

Building name/number Montague Place

Street Quayside

Post town Chatham Maritime

County/Region Kent

Postcode M E 4 4 Q U

Country

### 4 Liquidator's name ①

Full forename(s) Andrew

Surname Tate

#### ① Other liquidator

Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number Montague Place

Street Quayside

Post town Chatham Maritime

County/Region Kent

Postcode M E 4 4 Q U

Country

#### ② Other liquidator

Use this section to tell us about  
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

**6** Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 4	<sup>m</sup> 0	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9
To date	<sup>d</sup> 1	<sup>d</sup> 3	<sup>m</sup> 0	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0

**7** Progress report

☒ The progress report is attached

**8** Sign and date

Liquidator's signature

Signature

X

*JH L*

X

Signature date

<sup>d</sup> 2	<sup>d</sup> 3	<sup>m</sup> 0	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0
----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------

LIQ03

Notice of progress report in voluntary winding up



**Presenter information**

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

Contact name **Johanna Smith**

Company name **Kreston Reeves LLP**

Address **Montague Place**

**Quayside**

Post town **Chatham Maritime**

County/Region **Kent**

Postcode **M E 4 4 Q U**

Country

DX

Telephone **01634 899800**



**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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



**Important information**

**All information on this form will appear on the public record.**



**Where to send**

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

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



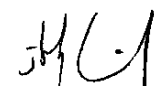
**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Cicada Construction Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 14/01/2019 To 13/01/2020 £	From 14/01/2016 To 13/01/2020 £
	<b>ASSET REALISATIONS</b>		
	Bank Interest Gross	0.09	1.11
386.19	Cash at Bank	NIL	362.10
Uncertain	Preference Payment	2,688.00	5,088.00
Uncertain	VAT Refund	NIL	NIL
Uncertain	Work In Progress	NIL	750.00
		<u>2,688.09</u>	<u>6,201.21</u>
	<b>COST OF REALISATIONS</b>		
	Girlings Solicitors LLP	240.00	240.00
	Office Holders Expenses	385.00	385.00
	Office Holders Fees	958.96	958.96
	Petitioners Costs	NIL	907.50
	Statement of Affairs Fee	3,615.00	3,615.00
	Storage Costs	32.26	46.73
		<u>(5,231.22)</u>	<u>(6,153.19)</u>
	<b>UNSECURED CREDITORS</b>		
(131,908.56)	Trade & Expense Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>DISTRIBUTIONS</b>		
(32.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<b>(131,554.37)</b>		<b><u>(2,543.13)</u></b>	<b><u>48.02</u></b>
	<b>REPRESENTED BY</b>		
	Barclays Current Ac IB		0.04
	Vat Receivable		47.98
			<u><b>48.02</b></u>



James Hopkirk  
Joint Liquidator

# Cicada Construction Limited In Liquidation

---

Liquidators Fourth Progress  
Report to Members and Creditors

Dated: 23 January 2020



## **CICADA CONSTRUCTION LIMITED – IN LIQUIDATION**

### **LIQUIDATORS FOURTH REPORT TO MEMBERS AND CREDITORS DATED 23 JANUARY 2020**

#### **REPORT TO ALL KNOWN MEMBERS AND CREDITORS**

I am reporting on the progress made in the above company's liquidation since my appointment as Joint Liquidator on 14 January 2016.

This report will give an account of my acts and dealings and of the conduct of the winding up for the period from my appointment to 13 January 2020 and should be read in conjunction with any previous reports and correspondence. I can advise that any references to 'the period covered by this report', refer specifically to the period 14 January 2019 to 13 January 2020 ("the anniversary period").

The contents of this report are detailed as follows:

1. Asset realisations and liquidators' actions,
2. Liquidators investigations and duties,
3. Creditor claims and dividend prospects,
4. Receipts and Payments account,
5. Pre Appointment remuneration,
6. Liquidators remuneration,
7. Liquidators expenses,
8. Matters preventing closure,
9. Further Information,
10. Summary.

The enclosures provided with this report are as follows:

1. Receipts and payments account,
2. Statutory Information,
3. Routine work summary,
4. A summary of my firm's time costs to date,
5. Details of my firm's charge out rates and disbursement policy.

#### **ASSET REALISATIONS & LIQUIDATORS ACTIONS**

The director's estimated Statement of Affairs ("ESoA") which was presented to the first meeting of creditors showed that the primary source of asset realisations was the sale of work in progress, as well as potential recoveries of VAT and preference payments. Therefore, the strategy which was adopted within the liquidation has been based on the realisation of these assets and the progress of these asset realisations is detailed below.

##### Work In Progress

As reported previously, the company had work in progress with an estimated book value of £16,582 and a uncertain realisable value, being the retention monies held on a completed construction project at Eresby House.

An offer was made by Andrew Standing, one of the directors, of £750 for the work in progress. We had taken advice from Kinetica Consult Limited in respect of this and the offer was accepted, and monies were received in full on 14 September 2016. It is not known whether the director received independent advice in respect of the sale.

#### VAT Refund

As previously reported, the company had a possible tax refund of £6,500 due from HM Revenue & Customs ("HMRC") in respect of VAT.

Upon appointment I received a claim from HMRC as a creditor in the liquidation to a value of £1,529.46, which advised that there was no outstanding VAT liability. HMRC have advised that VAT returns had been filed by the company up until 31 December 2015, and therefore there was a short return period to be submitted. However, HMRC would offset any monies owed by the company in respect of corporation tax, PAYE and NI.

Following a review of the VAT records and the company's bank statements, it was clear that VAT refunds had been received and there was nothing further to pursue.

#### Cash at Bank

As reported previously, the company bank account held with Lloyds Bank Plc had a balance estimated to be £386.19.

Following my appointment contact was made with Lloyds Bank who released the funds to a total of £362.10.

#### Preference Payment

As reported previously, Mr Standing director's loan account was in credit for the sum of £10,000 in respect of monies loaned to the company by him. The directors agreed prior to the company going into liquidation that the loan account balance would be repaid to Mr Standing. In October 2015, Mr Standing withdrew £10,000 from the company's bank account to repay himself.

Following the initial advice meeting Mr Standing had with Kreston Reeves, Mr Standing was advised that the repayment to him would be seen as a preference payment once the company went into liquidation and he would be requested to repay this sum. Shortly before the company went into liquidation, Mr Standing made a payment of £5,000 into the company's bank account. Upon appointment, this matter was investigated further and solicitors Irwin Mitchell LLP ("Irwin Mitchell") were instructed to provide advice. Following our investigations, it was agreed that a full and final settlement of £5,000 be sought from Mr Standing however no payments were received.

As previously reported Girlings Solicitors were later instructed to pursue Mr Standing in respect of the outstanding balance. A payment of £2,400 was received on 4 January 2019 and a further £2,688 in the anniversary period as a full and final settlement. There will be no further realisations made under this heading.

#### Bank Interest Gross

Bank interest of 9p has been received in the anniversary period, in respect of interest accrued on the funds held in the liquidation bank account. The total amount of interest received to date totals £1.11.

#### Routine Work

There is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last progress report is enclosed with this report.

### **LIQUIDATOR'S INVESTIGATIONS & DUTIES**

I undertook an initial investigation into the company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.

There were no matters that justified further investigation in the circumstances of this appointment.

Within six months of my appointment as Liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the company. I would confirm that my report has been submitted.

## **CREDITOR CLAIMS & DIVIDEND PROSPECTS**

### Secured Creditors

An examination of the company's mortgage register held by the Registrar of Companies, showed that the company has no current charges over its assets.

The legislation requires that if the company has created a floating charge after 15 September 2003, a prescribed part of the company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. In this case there were no creditors secured by a floating charge and therefore the prescribed part provisions do not apply.

### Non-preferential unsecured Creditors (including Crown Creditors)

As previously reported, the statement of affairs included 14 non-preferential unsecured creditors with an estimated total liability of £131,908.56. I have received claims from 8 creditors at a total of £101,234.98. I have not received claims from 7 creditors with original estimated claims in the statement of affairs of £36,195.02.

HMRC's final claim of £1,529.46 has been received and is included in the total above.

There will not be a dividend payable to unsecured creditors.

## **RECEIPTS AND PAYMENTS ACCOUNT**

My receipts and payments account covering the period from the date of my appointment to the anniversary is enclosed with this report. A summary of the receipts and payments in the last year is also shown.

The balance of funds are held in a non-interest bearing estate bank account.

## **PRE-APPOINTMENT REMUNERATION**

The creditors previously authorised the payment of a fee of £4,000 for my assistance with preparing the statement of affairs and for my assistance with preparing the statement of affairs and holding the meeting of members and creditors at a meeting held on 14 January 2016.

The fee for preparing the statement of affairs and holding the meeting of members and creditors to appoint a liquidator, was partially paid from realisations received in the anniversary period in the sum of £3,615.00 and is shown in the enclosed receipts and payments account.

## **LIQUIDATORS REMUNERATION**

My remuneration was approved on a time cost basis based on a fees estimate of £13,122.50. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

Time costs incurred for the whole of the liquidation are summarised below:

	No. of Hours	Average Hourly Rate (£)	Total Time (£)
Time recorded for the anniversary period	22.60	185.38	4,189.70
Total time recorded since appointment	83.50	171.03	14,280.70

The actual average charge out rate incurred is slightly lower than the estimated average charge out rate of £174.50 in my fees estimate.

I have drawn £958.96 in the anniversary period.

Enclosed with this report are schedules of my time costs which provide details of the activity costs incurred by staff grade for each of the above periods.

Since my last report, I have incurred time dealing with Girlings in order to recover the outstanding director's loan.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, together with an explanatory note which shows my firms fee policy are available at the link <http://www.krestonreeves.com/creditor-information>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the April 2017 version.

## LIQUIDATOR'S EXPENSES

I summarise below the disbursements that have been met by my firm:

	Incurred in the anniversary period £	Incurred in the entire period £
Statutory Advertising	0.00	355.00
Specific Bond	0.00	30.00
<b>Total</b>	<b>0.00</b>	<b>385.00</b>

I have drawn £385.00 in the anniversary period.

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

Professional Advisor	Nature of Work	Fee Arrangement
Kinetica Consult Ltd	Retention Advisor	Time costs
Irwin Mitchell LLP	Solicitors	Time costs
Girlings	Solicitors	Fixed Fee

### Kinetica Consult Ltd

As described above, Kinetica provided assistance with the valuation of the work in progress of the company, which was subsequently purchased by the director. I can confirm that due to the low value of the assets involved, the work was carried out as a desktop valuation. Kinetica have not raised a bill for this work.

#### Irwin Mitchell LLP

As described above, Irwin Mitchell were assisting with the investigations, and collections in respect of the preference payments made by the directors leading up to appointment. I can confirm that Irwin Mitchell did not produce a bill for the work completed, but that they have incurred time costs of £1,792.50 plus VAT. I have confirmed in the anniversary period this has now been written off and no payments will be made under this heading.

#### Girlings Solicitors

Girlings were instructed to liaise with Mr Standing in respect of the outstanding director's loan. I can confirm that Girlings have been paid in £240 in the anniversary period for this work.

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.

I also summarise below the disbursements that have been met directly from the funds in the liquidation and are also listed in the enclosed R&P:

<b>Nature of expense</b>	<b>Expenses incurred in the anniversary period</b>	<b>Expenses incurred to date £</b>
Petitioners Costs	0.00	907.50
Storage costs	32.26	46.73
<b>Total</b>	<b>32.26</b>	<b>921.97</b>

#### **MATTERS PREVENTING CLOSURE**

There remain certain matters to be resolved in relation to the following before this case can be closed:

- Final account to be prepared

#### **FURTHER INFORMATION**

An unsecured creditor may, with the permission of the Court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the liquidator's remuneration and expenses within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to Court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred within 8 weeks of receipt of this report. Any secured creditor may make a similar application to Court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Kreston Reeves LLP can be found at <http://www.krestonreeves.com/creditor-information>.

## SUMMARY

The liquidation will remain open until the matters referred to above have been fully resolved and based upon current information, I estimate that the liquidation should be concluded within three months and once resolved the Liquidation will be finalised and our files will be closed.

I trust that this is in order however should you require any further information please do not hesitate to contact Johanna Smith who is assisting me with this matter either via email at [Johanna.Smith@krestonreeves.com](mailto:Johanna.Smith@krestonreeves.com) or by telephone on 01634 899838.

Yours faithfully

  
P **Andrew Tate**  
**Joint Liquidator**

James Hopkirk is licensed in the United Kingdom to act as an insolvency practitioner by the The Institute of Chartered Accountants in England and Wales  
Andrew Tate is licensed in the United Kingdom to act as an insolvency practitioner by the The Institute of Chartered Accountants in England and Wales

**Cicada Construction Limited**  
**(In Liquidation)**  
**JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 14/01/2019 To 13/01/2020 £	From 14/01/2016 To 13/01/2020 £
<b>RECEIPTS</b>			
Work In Progress	Uncertain	0.00	750.00
VAT Refund	Uncertain	0.00	0.00
Cash at Bank	386.19	0.00	362.10
Preference Payment	Uncertain	2,688.00	5,088.00
Bank Interest Gross		0.09	1.11
		<u>2,688.09</u>	<u>6,201.21</u>
<b>PAYMENTS</b>			
Petitioners Costs		0.00	907.50
Statement of Affairs Fee		3,615.00	3,615.00
Office Holders Fees		958.96	958.96
Office Holders Expenses		385.00	385.00
Girtings Solicitors LLP		240.00	240.00
Storage Costs		32.26	46.73
Trade & Expense Creditors	(131,908.56)	0.00	0.00
Ordinary Shareholders	(32.00)	0.00	0.00
		<u>5,231.22</u>	<u>6,153.19</u>
Net Receipts/(Payments)		<u>(2,543.13)</u>	<u>48.02</u>
<b>MADE UP AS FOLLOWS</b>			
Barclays Current Ac IB		0.04	0.04
Metro Bank IB		(2,588.26)	0.00
VAT Receivable / (Payable)		45.09	47.98
		<u>(2,543.13)</u>	<u>48.02</u>

## **CICADA CONSTRUCTION LIMITED - IN LIQUIDATION**

### **STATUTORY INFORMATION**

<b>Company Name:</b>	Cicada Construction Limited
<b>Registered Office:</b>	Montague Place, Quayside, Chatham Maritime, Chatham, Kent, ME4 4QU
<b>Former registered office:</b>	Bishops Wharf House, 51 Parkgate Road, London, SW11 4NA
<b>Registered Number:</b>	06725346
<b>Liquidator's Name:</b>	James Hopkirk and Andrew Tate
<b>Liquidator's Address:</b>	Montague Place, Quayside, Chatham Maritime, Chatham, ME4 4QU
<b>Liquidator's date of appointment:</b>	14 January 2016
<b>Change in Liquidators Details</b>	No changes have made within the period covered by this report.

## **CICADA CONSTRUCTION LIMITED - IN LIQUIDATION**

### **ROUTINE WORK SUMMARY**

1. Administration

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Maintaining physical/electronic case files
- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the office holder's estate bank account.
- Maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- 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.
- Preparing, reviewing and issuing annual progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

2. Creditors

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

**40003836 CICADA CONSTRUCTION LIMITED****Matter: Post Appointment Work****Analysis of ' time costs for the period 14/01/2019 to 13/01/2020****For the period: 14/01/2019 to 13/01/2020**

Classification of Work Function	Hours					Total Hours	Time Cost	Av hourly Rate
	Partner	Manager	Senior	Assistant Administrator	Support			
<b>Administration and Planning</b>							£	£
Cashiering			5.50			5.50	897.00	163.09
Statutory Reporting		0.80	9.20			10.00	1,706.00	170.60
Maintenance of records			3.50			3.50	570.00	162.86
Case Planning		2.60	0.50			3.10	880.50	284.03
<b>Realisation of Assets</b>								
Legal Matters		0.30				0.30	99.00	330.00
Identify Secure Insure Assets		0.10				0.10	33.00	330.00
<b>Creditors</b>								
Communications with Creditor					0.10	0.10	4.20	42.00
<b>Total Hours</b>		<b>3.80</b>	<b>18.70</b>		<b>0.10</b>	<b>22.60</b>		<b>185.38</b>
<b>Total Fees Claimed (£)</b>		<b>1,164.00</b>	<b>3,021.50</b>		<b>4.20</b>		<b>4,189.70</b>	

There are no approved Disbursements for this case.

**40003836 CICADA CONSTRUCTION LIMITED****Matter: Post Appointment Work****Analysis of ' time costs for the period 14/01/2016 to 13/01/2020****For the period: 14/01/2016 to 13/01/2020**

Classification of Work Function	Hours					Total Hours	Time Cost	Av hourly Rate
	Partner	Manager	Senior	Assistant Administrator	Support			
<b>Administration and Planning</b>							£	£
Administrative set up			1.30			1.30	111.60	85.85
Case Planning	0.60	4.90	4.80			10.30	2,258.50	219.27
Appointment notification			0.50			0.50	50.00	100.00
Cashiering			13.30		0.20	13.50	2,020.40	149.66
Liason with Company Officers		0.90	7.70			8.60	1,316.00	153.02
Maintenance of records		0.80	11.30			12.10	1,868.50	154.42
Statutory Reporting		1.70	18.00			19.70	3,379.00	171.52
<b>Investigations</b>								
CDDA Reports	1.50		0.70			2.20	685.00	311.36
Inv Antecedent Transactions		0.30	1.70			2.00	269.00	134.50
<b>Realisation of Assets</b>								
Identify Secure Insure Assets	0.20	1.40	0.50			2.10	594.00	282.86
Property Bus and Asset Sales		0.20	1.70			1.90	233.00	122.63
Legal Matters		0.80	3.70			4.50	668.00	148.44
Debt Collection	0.10		0.30			0.40	89.00	222.50
<b>Creditors</b>								
Creditors Claims			1.30			1.30	176.00	135.38
Communications with Creditor	0.30	0.80	1.90		0.10	3.10	562.70	181.52
<b>Total Hours</b>	<b>2.70</b>	<b>11.80</b>	<b>68.70</b>		<b>0.30</b>	<b>83.50</b>		<b>171.03</b>
<b>Total Fees Claimed (£)</b>	<b>1,079.00</b>	<b>3,655.00</b>	<b>9,536.10</b>		<b>10.60</b>		<b>14,280.70</b>	

There are no approved Disbursements for this case.

## PRACTICE FEE RECOVERY POLICY FOR KRESTON REEVES LLP RESTRUCTURING AND RECOVERY

### INTRODUCTION

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/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 information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.krestonreeves.com/creditor-information>. Alternatively a hard copy may be requested from my office. Please note that we have provided further details in this policy document.

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. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the 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 some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

---

### TIME COSTS BASIS

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a 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.

Charge out rates per hour listed by staff classification

Staff Grade	Period from 1 June 2015	Period from 1 June 2016	Period from 1 June 2017 and 2018	Period from 1 June 2019
Partner	£330 - £390	£410	£430	£445
Manager/Senior Manager	£235 - £315	£250 - £330	£270 - £350	£280-£340
Senior	£170	£180	£190	£195
Assistant Administrator	£100 - £140	£105 - £150	£110 - £160	£110-£165
Support	£95	£100	£105	£110

These charge-out rates charged are reviewed in June each year and are adjusted to take account of inflation and the firm's overheads

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. The work is generally recorded under the following categories:

- Administration and Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we will seek time costs for the following categories:

- Administration and Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

---

## **PERCENTAGE BASIS**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation.

The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

---

## **FIXED FEE**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation.

The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

---

## **MEMBERS' VOLUNTARY LIQUIDATIONS AND VOLUNTARY ARRANGEMENTS**

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

---

## **ALL BASES**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, 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 upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

---

## **DISBURSEMENTS**

In accordance with SIP 9 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 Kreston Reeves LLP; 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 statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

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 and mileage.

Kreston Reeves LLP will not be seeking to recover Category 2 disbursements in this case.