

AM10

Notice of administrator's progress report



Companies House



1 Company details

Company number 07255238
Company name in full Industry Qualifications Limited

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

2 Administrator's name

Full forename(s) Mark Elijah Thomas
Surname Bowen

3 Administrator's address

Building name/number 11 Roman Way
Street Berry Hill
Post town Droitwich Spa
County/Region Worcestershire
Postcode WR99AJ
Country

4 Administrator's name ①

Full forename(s)
Surname

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

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

② Other administrator
Use this section to tell us about
another administrator.

AM10

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Period of progress report

From date	^d 0	^d 6	^m 0	^m 3	^y 2	^y 0	^y 2	^y 0
To date	^d 0	^d 5	^m 0	^m 9	^y 2	^y 0	^y 2	^y 0

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 0	^d 7	^m 0	^m 9	^y 2	^y 0	^y 2	^y 0
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AM10

Notice of administrator's progress report



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 **Mark Hunt**

Company name **MB Insolvency**

Address **11 Roman Way**

Berry Hill

Post town **Droitwich Spa**

County/Region **Worcestershire**

Postcode **W R 9 9 A J**

Country

DX **information@mb-i.co.uk**

Telephone **01905 776771**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

High Court, Business & Property Court, Birmingham

No. 160 of 2020

**Industry Qualifications Limited - The Company
(In Administration)**

The Administrator's Progress Report to 5 September 2020

Mark Bowen

Administrator

MB Insolvency

11 Roman Way, Berry Hill, Droitwich, WR9 9AJ

01905 776 771

mark@mb-i.co.uk

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Mark Bowen was appointed Administrator of the company on 06 March 2020. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as an agent of the Company and contract without personal liability.

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1. EXECUTIVE SUMMARY

This report describes the progress since the commencement of the Administration] ("the Review Period").

A summary of key information in this report is detailed below.

Asset realisations

Asset	Estimated to realise per Statement of Affairs	Realisations to date	Anticipated future realisations	Total anticipated realisations
Goodwill	408,001	67,997	Uncertain	Uncertain
Customer Contracts	1	1	0	1
Commercial Records	1	1	0	1
Stock	1	1	0	1
Furniture & Equipment	2,000	2,000	0	2,000
Book Debts	78,133	3,471	Uncertain	Uncertain
Cash at Bank	49,454	76,627	0	76,627
Bank Interest	0	38	Uncertain	Uncertain

Expenses

Expense	Estimated per Proposal's Estimated Outcome Statement	Expense incurred to date	Anticipated further expense to closure	Total anticipated expense
Administrator's fees	55,475	50,475	5,000	55,475
Solicitors' fees	4,000	2,500	1,500	4,000
Storage Agents' fees	750	1,250	0	1,250
Accountancy Advice	0	5,000	0	5,000
All other expenses	1,923	2,017	200	2,217

Dividend prospects

Creditor class	Distribution / dividend paid to date	Anticipated distribution / dividend, based upon the above
Secured creditor 1	100p in the £	0p in the £
Secured creditor 2	10.3p in the £	Uncertain
Preferential creditors	0p in the £	100p in the £
Unsecured creditors	0p in the £	Uncertain

1.1 Summary of key issues outstanding

- Agreement of and collection of first deferred consideration
- Collection of balance of book debts including intercompany debts
- Consideration of and payment of preferential dividend
- Exit Administration and place the company into Creditors' Voluntary Liquidation

2. THE PROGRESS OF THE ADMINISTRATION

2.1 The Administrator's receipts and payments account

Attached at Appendix II is a receipts and payments account for the Review Period.

The rest of this report describes the key developments in the Administration over the Review Period. For a detailed list of work undertaken by the Administrator as a whole, see Appendix IV.

In this section, we have summarised the main asset realisations during the Review Period and an estimation of those assets yet to be realised, together with details of the associated costs incurred but as yet remaining unpaid.

2.2 Administration (including statutory reporting)

The Administrator have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Administrator and their staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Informing all relevant persons of the commencement of the Administration, including filing statutory documents at Companies House and meeting statutory advertising requirements;
- Issuing the Administrator's Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
- Drafting and issuing the progress report to creditors;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Administrator that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments; and
- Completing periodic tax returns.

2.3 Realisation of assets

Sale of Business & Certain Assets

The business and certain assets of the Company were sold to SFJ Awards Limited ('SFJ') by way of a pre-packaged sale on 6 March 2020. Full details surrounding the circumstances of the sale were included in the SIP16 notification issued to creditors upon appointment and in my proposals.

The sale consideration totalled £408,000 and required £70,000 to be paid upon completion and the remainder by way of two separate deferred consideration events. The first deferred consideration became due on 6 September 2020 and took into account amounts paid by SFJ to the company's employees which they adopted under the asset sale agreement. The

calculations of these amounts and the reconciliation remains on-going and is anticipated to be concluded shortly.

The second deferred consideration is based upon the performance of SFJ up to 6 March 2020 and 30 September 2022 which of course remains unknown at this time.

Book Debts

The book debts included within the director's statement of affairs had a book value of c£78,000 and no disputes had been identified in the outstanding amounts. Since contacted creditors it became obvious that a significant proportion had already made payment and this was illustrated by the increased cash at bank received following appointment. The balance remains outstanding and collections continue.

Cash at Bank

Funds held by the company's bankers were estimated to total c£50,000 and following receipt of certain debtor payments a total of £79,627 was received from the bank.

Bank Interest

Bank interest of £37.84 has been received to date and this continues to accrue on credit balances.

2.4 Estimated future realisations

Deferred Consideration

As detailed above there remains due deferred consideration following the sale of the business and assets of the company. The first deferred consideration of £20,000 (Less the employee payments) is now due and is currently being reconciled.

The second element of deferred consideration is not yet due and will be collected in due course.

Book Debts

As detailed above the balance of book debts continues to be pursued; it is possible that legal advice will be required to collect the balance of funds due.

Intercompany Debts

The director's statement of affairs included a book value of inter company debts of £281,711 although he attributed only £1 to the realisable value of the debts due to the perceived inability of those companies to repay the amounts. Following demand for payment being made to the respective debtors offers have settlement have been received although rejected due to the level. This matter remains outstanding and it is hopeful that a compromise can be reached in the near future.

2.5 Costs incurred but remaining unpaid

The following table summarises the costs incurred during the Review Period, but which as yet remain unpaid:

Cost Description	Amount (£)
------------------	------------

Legal fees	2,500
TOTAL	2,500

During the Review Period, the Administrator has also incurred time costs and direct expenses, not all of which have yet been discharged. Further details of these costs are set out in section 5 below.

3. CREDITORS: CLAIMS AND DISTRIBUTIONS

3.1 Secured creditors

The Company granted fixed and floating charges to Moyna Clark & Paul Mills and Paul Mills (in his personal capacity) on 15 January 2015 and 21 May 2019, who were owed £24,000.00 plus interest and £98,665.80 plus interest respectively on appointment. During the Review Period, the Administrator's legal advisors, Cameron Legal, have confirmed the validity of the charges and a first distribution has been made under their fixed charges. Moyna Clark & Paul Mills' charge has been settled in full and totalled £37,760.08 and Paul Mills has received £10,236.92 which represents approximately 10.3p in the £.

It is estimated that a further distribution will be made to Paul Mills under his fixed charge, the level of which will be dependent upon the receipt of the deferred consideration.

3.2 Preferential creditors

The Administrator and their staff have incurred time costs in assisting employees to obtain payment from the Redundancy Payments Office (RPO).

Preferential claims relating to unpaid holiday pay, wage arrears and pension contributions were estimated at £13,922 in the Director's Estimated Statement of Affairs. It is anticipated that these claims will be paid in full and the Administrator recently received a claim from the RPO in order to consider this shortly. The claims from the RPO also have a bearing on the first deferred consideration calculation and this is currently being reconciled.

3.3 Unsecured creditors

Unsecured claims were estimated at £18,435.54 in the Director's Estimated Statement of Affairs. A dividend to unsecured creditors is expected although the timing and quantum will be dictated by the receipt of the deferred consideration.

3.4 Claims process

Due to the possible distribution to unsecured creditors, you are requested to submit claims to the address on the front of this report, marked for the attention of Mark Hunt.

A Proof of Debt form is attached at Appendix V.

4. INVESTIGATIONS

4.1 Investigations

As part of the Administrator's statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to The Insolvency Service.

4.2 Initial Assessment of Potential Recoveries

As part of my duties as Administrator, we are obliged to review shortly after appointment all the information available to us and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

This review has been completed and we confirm that we did not identify any further assets or actions which would lead to a recovery for creditors.

5. ETHICS

Please also be advised that the Administrator is bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

General ethical considerations

Prior to the Administrator's appointment, a review of ethical issues was undertaken and no ethical threats were identified. A further review has been carried out and no threats have been identified in respect of the management of the insolvency appointment over the Review Period.

Specialist Advice and Services

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Administrator is obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment.

In this instance Cameron Legal have been engaged to provide legal advice as and when required, to advise on the validity of the charges granted by the company and to assist in the collection of the deferred consideration. Cameron Legal also acted pre appointment in respect of the appointment matters and the preparation of the sale agreement.

6. THE ADMINISTRATOR'S FEES AND EXPENSES

6.1. Pre-Administration Costs

Included within the Administrator's Proposals was a Statement of Pre-Administration Costs.

These costs were approved as detailed below:

Party instructed	Amount approved (£)	Date approved
MB Insolvency	6,690	14 April 2020
Hillco	10,000	14 April 2020
Cameron Legal	6,000	14 April 2020
TOTAL APPROVED	22,690	

6.2. The Administrator's Fees

The basis of the Administrator's fees was fixed on 14 April 2020 by a resolution of creditors as follows:

1. A set fee of £55,475.

"A Creditors' Guide to Administrators' Remuneration" is available for download at www.mb-i.co.uk.

Should you require a paper copy, please send your request in writing to the Administrator at the address on the front of this report and this will be provided to you at no cost.

6.3. Comparison of estimates

The expenses incurred to date are compared with the original expenses estimate as follows:

Expenses	Original expenses estimate £	Actual expenses incurred in the Review Period £	Actual expenses incurred to date £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs	4,000	2,500	2,500	
Storage agents' costs	750	1,250	1,250	Additional records were received than had originally been estimated and the costs of collection were subsequently incurred.
Accounting fees	0	5,000	5,000	The director requested the Administrator's permission to engage to company's former accountants to prepare and submit the statement of affairs and their costs were met as an expense of the process.
Advertising	154	77	77	
Bonding	1,450	1,450	1,450	
Postage	151	178	178	Additional chasing letters issued to debtors; these costs continue to increase.
Photocopying	395	312	312	
TOTAL	6,900	10,767	10,767	

The bases on which the expenses defined as Category 2 disbursements are calculated are explained in Appendix III.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Administrator considers that:

- the original fees estimate is unlikely to be exceeded; and
- the original expenses estimate has been exceeded for the reasons given above.

6.4. Creditors' right to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Administrator to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

6.5. Creditors' right to challenge fees and/or expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Administrator is entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

7. CONCLUSION

The Administration will continue in order to finalise the following outstanding matters:

- Agreement of and collection of first deferred consideration
- Collection of balance of book debts including intercompany debts
- Consideration of and payment of preferential dividend
- Exit Administration and place the company into Creditors' Voluntary Liquidation

If you require any further information please contact Mark Hunt on 01905 776 771.



Mark Bowen.
Administrator

Mark Bowen was appointed Administrator of the company on 6 March 2020. The affairs, business and property of the Company is managed by the Administrator. The Administrator acts as an agent of the Company and contract without personal liability.

**INDUSTRY QUALIFICATIONS LIMITED
(IN ADMINISTRATION)**
STATUTORY INFORMATION

Company Name	Industry Qualifications Limited
Previous Names	
Proceedings	In Administration
Court	High Court, Business & Property Court, Birmingham
Court Reference	160 of 2020
Date of Appointment	06 March 2020
Administrator	Mark Bowen MB Insolvency, 11 Roman Way, Berry Hill, Droitwich, WR9 9AJ
Registered office address	c/o MB Insolvency, 11 Roman Way, Berry Hill, Droitwich, WR9 9AJ
Company Number	07255238
Appointment by	Paul Mills in his capacity as Qualifying Charge Holder of the company

DEFINITIONS

The Act	Insolvency Act 1986
The Rules	Insolvency Rules 1986 or Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event)
The Administrator	Mark Bowen of MB Insolvency
The Company	Industry Qualifications Limited (in Administration)
The Court	High Court, Business & Property Court, Birmingham
SIP	Statement of Insolvency Practice
Review Period	Period covered by the report from 06 March 2020 to 5 September 2020

**INDUSTRY QUALIFICATIONS LIMITED
(IN ADMINISTRATION)**

THE ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT TO 5 SEPTEMBER 2020

S of A £		£	£
	SECURED ASSETS		
405,996.00	Goodwill	67,996.00	
1.00	Intellectual Property	1.00	
			67,997.00
	SECURED CREDITORS		
(24,000.00)	Moyna Clarke & Paul Mills	37,760.08	
(98,665.80)	Paul Mills	10,236.92	
			(47,997.00)
	ASSET REALISATIONS		
1.00	Customer Contracts	1.00	
1.00	Commercial Records	1.00	
2,000.00	Furniture & Equipment	2,000.00	
1.00	Stock/WIP	1.00	
78,133.71	Book Debts	3,470.79	
Uncertain	Intercompany debtors	NIL	
49,545.22	Cash at Bank	79,627.38	
	Bank Interest Gross	37.84	
			85,139.01
	COST OF REALISATIONS		
	Preparation of S. of A.	5,000.00	
	Office Holders Fees	20,000.00	
	Agents/Valuers Fees (1)	5,000.00	
	Legal Fees (1)	6,100.00	
	Storage Costs	1,250.00	
			(37,350.00)
	PREFERENTIAL CREDITORS		
(12,673.10)	Employee Arrears/Hol Pay	NIL	
(1,248.66)	Pension Schemes	NIL	
			NIL
	UNSECURED CREDITORS		
(54,684.27)	Trade & Expense Creditors	NIL	
(26,208.57)	Employees	NIL	
(1,542.70)	Inland Revenue	NIL	
(100,000.00)	Customs & Excise	NIL	
			NIL
	DISTRIBUTIONS		
(350,506.00)	Ordinary Shareholders	NIL	
			NIL
(133,850.17)			67,789.01

**INDUSTRY QUALIFICATIONS LIMITED
(IN ADMINISTRATION)**

CHARGE-OUT RATES AND BASES OF CATEGORY 2 DISBURSEMENTS

Staff	Charge out rates £ per hour
Insolvency Practitioner/Partners	300
Senior Manager	250
Manager	200-250
Administrator	150
Secretarial/Administration support staff	90

Description	Cost £
Photocopying / Printing	£0.17 per sheet
Registered office fee	£125 per annum
Admin System charge	£125 per case
Mileage	£0.45 per mile
Room hire	£60 per hour where held at MBI offices

**INDUSTRY QUALIFICATIONS LIMITED
(IN ADMINISTRATION)**

DETAILS OF WORK UNDERTAKEN BY THE ADMINISTRATOR

General Description	Includes
Administration (including statutory reporting)	
Statutory/advertising	Filing of documents to meet statutory requirements Advertising in accordance with statutory requirements
Document maintenance/file review/checklist	Filing of documents Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing cheques/BACS payments
Planning / review	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case
Books and records / storage	Dealing with records in storage Sending case files to storage
Creditor reports	Disclosure following pre-pack sale of assets SIP 16 & 13 Preparing proposal, six monthly progress reports, fee authority report to secured creditors Reporting to secured creditor appointor
Creditors' decisions	Preparation of decision notices, proxies/voting forms Collate and examine proofs and proxies/votes to establish decisions Responding to queries and questions following decisions Issuing notice of result of decision process
Investigations	
SIP 2 Review	Collection, and making an inventory, of company books and records Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company Reviewing company's books and records Preparation of deficiency statement
Statutory reporting on conduct of director(s)	Preparing statutory investigation reports Liaising with the Insolvency Service Submission of report to the Insolvency Service
Realisation of Assets	
Freehold/Leasehold Property	Liaising with secured creditors and landlords Agreeing assignment or surrender
Debtors and retentions	Collecting supporting documentation Correspondence with debtors Reviewing and assessing debtors' ledgers Dealing with disputes, including communicating with directors/former staff
Leasing	Reviewing leasing documents Liaising with agents and owners/lessors
Other assets:	Collecting sales consideration Examining company records to support tax refunds Exchanges with government departments

APPENDIX IV

General Description	Includes
Insurance	Reviewing insurance policies Correspondence with previous brokers
Creditors (claims and distribution)	
Creditor communication	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Assisting employees to pursue claims via the RPO Corresponding with the PPF and the Pensions Regulator
Dealing with proofs of debt ('POD')	Receipting and filing POD Corresponding with RPO
Processing proofs of debt	Preparation of correspondence to potential creditors inviting submission of POD Receipt of POD Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication Seeking solicitors' advice on the validity of secured creditors' claims and other complex claims
Distribution procedures	Agreeing allocation of realisations and costs between fixed and floating charges Paying distribution to secured creditors and seeking confirmation of discharged claims

**INDUSTRY QUALIFICATIONS LIMITED
(IN ADMINISTRATION)**

DETAILS OF CLAIM		
1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> • For UK companies: its registered number • For other companies: the country or territory in which it is incorporated and the number if any under which it is registered • The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act 	
4.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. [The administrator may call for any document or evidence to substantiate the claim at his discretion.]	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category Amount(s) claimed as preferential £
AUTHENTICATION		
Signature of Creditor or person authorised to act on his behalf		
Name in BLOCK LETTERS		
Date		
If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor		
Are you the sole member of the Creditor?		YES / NO

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually 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 administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explain the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed:
- as a percentage of the value of the property which the administrator has to deal with,
 - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, 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 administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' 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, and where it is a set amount, to determine that amount. Rule 2.106 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 administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator 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.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5. Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator 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. Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7. What information should be provided by the administrator?

7.1. When fixing bases of remuneration

7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.

7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.2 After the bases of remuneration have been fixed

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8.1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.3 Disbursements and other expenses

7.3.1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- Category 2 disbursements: These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

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

7.3.2 The following are not permissible:

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

8 Progress reports and requests for further information

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (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 administrator during the period of the report, irrespective of whether payment was actually made during that period;
- the date of approval of any pre-administration costs and the amount approved;
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses.

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) 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.

8.3 The administrator 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 administration or might be expected to lead to violence against any person, or
- the administrator 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 administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9. Provision of information – additional requirements

The administrator must provide certain information about time spent on a 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 administrator 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 administrator'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 administrator, and requests must be made within two years from vacation of office.

10 What if a creditor is dissatisfied?

- 101 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.
- 10.2 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 administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 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 administrator a copy of the application and supporting evidence at least 14 days before the hearing.
- 10.3 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 as an expense of the administration.

11 What if the administrator is dissatisfied?

- 11.1 If the administrator considers that the remuneration fixed by the creditors' committee 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 committee or the creditors 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 creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's 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 as an expense of the administration.

12 Other matters relating to remuneration

- 12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.
- 12.3 If a new administrator 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 administrator until a further determination, resolution or court order is made.
- 12.4 Where the basis of the remuneration is a set amount, and the administrator 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 administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13. Effective date

This guide applies where a company enters administration on or after 1 November 2011.

Appendix

Suggested format for the provision of information

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

Narrative overview of the case

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

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

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

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

Time cost basis

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

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

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

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

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

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

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

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

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



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 detail 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.

Staff allocation and the use of sub-contractors

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

The case team will usually consist of partner, senior manager/manager and administrator. The exact case team will depend on the anticipated size and complexity of the assignment. On larger, more



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complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrator's charge out rate schedule below provides details of all grades of staff.

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

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

Service Type	Service Provider	Basis of fee arrangement	Cost to date

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



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benefit of creditors where matters such as preferences or wrongful trading come to light as a result of the initial review; and reporting to the Insolvency Service on the conduct of the directors.

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

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

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

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

Percentage basis

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

Fixed fee

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

Value Added Tax

The 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



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Document Storage Agents

Other Specialist Advisors

Disbursements

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

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

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

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

<u>Type</u>	<u>Rate</u>
Photocopying	17p per sheet
Room Hire (where MB insolvency room is used for formal meetings with external parties)	£60 per hour
Registered Office Fee	£125 per annum
Mileage	45p per mile
Insolvency Practitioners System	£125 per case



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Professional advisors

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

Name of professional advisor	Basis of fee arrangement
Randall & Payne LLP	Time costs
Cameron Legal Limited	Time costs
Asset Storage Limited	Fixed fee

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