

Section 106

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

To the Registrar of Companies

S.106

Company Number

04553305

Name of Company

Universe Security Group Limited

I/We S B Ryman
10 Orange Street
Haymarket
London
WC2H 7DQAnthony Davidson
10 Orange Street
Haymarket
London
WC2H 7DQ

Note The copy account must be
authenticated by the written
signature(s) of the Liquidator(s)

1 give notice that a general meeting of the company was duly ~~held on~~/summoned for 18 January 2013 pursuant to section 106 of the Insolvency Act 1986, for the purpose of having an account (of which a copy is attached) laid before it showing how the winding up of the company has been disposed of, and that ~~the same was done accordingly~~ no quorum was present at the meeting,

2 give notice that a meeting of the creditors of the company was duly ~~held on~~/summoned for 18 January 2013 pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having the said account laid before it showing how the winding up the company has been conducted and the property of the company has been disposed of and that ~~the same was done accordingly~~ no quorum was present at the meeting

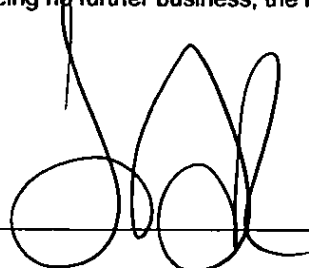
The meeting was held at 10 Orange Street, Haymarket, London, WC2H 7DQ

The winding up covers the period from 10 December 2010 (opening of winding up) to the final meeting (close of winding up)

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

- 1 The chairman having waited 15 minutes and no creditors or proxy holder having attended, per Rule 12 4(A) of the Insolvency Rules 1986, noted that the meeting had been duly held under Section 106 of the Insolvency Act 1986, with a report issued to all known creditors.
- 2 There being no further business, the meetings duly closed

Signed



Date 22 January 2013

Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

Ref 51346/SBR/AD/NSKB/DB

WEDNESDAY



A30 *A200XH2K* 23/01/2013 #3
COMPANIES HOUSE

Universe Security Group Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
From 10 December 2010 To 18 January 2013

S of A £	£	£
ASSET REALISATIONS		
	411 36	
	40,000 00	
64,514 44	64,514 44	
	247 89	
	75,000 00	
	25,000 00	
	<u>205,173 69</u>	
COST OF REALISATIONS		
	6,129 76	
	34 35	
	36,546 64	
	528 04	
	96,250 00	
	54 15	
	105 00	
	25 75	
	94 04	
	<u>(139,767 73)</u>	
UNSECURED CREDITORS		
	22,464 99	
	36,647 59	
	6,293 38	
	<u>(65,405 96)</u>	
64,514.44		<u><u>0 00</u></u>

REPRESENTED BY



NIL

S B Ryman
Joint Liquidator

Universe Security Group Limited - In Creditors' Voluntary Liquidation ("the Company")

Registered Office: 10 Orange Street, Haymarket, London, WC2H 7DQ

Registered number: 04553305

Joint Liquidators: Stephen Ryman & Anthony Davidson

Joint Liquidators' Address: 10 Orange Street, Haymarket, London, WC2H 7DQ

Date of Appointment: 10 December 2010

Period of Report: 10 December 2011 to 18 January 2013 and the entire period

REPLACEMENT OF LIQUIDATOR

I give notice that with effect from 24 July 2012 I have been appointed Joint Liquidator in place of the previous Joint Liquidator Conrad Beighton. The appointment was made in accordance with an Order of Court dated 24 July 2012 made in the High Court of Justice, a copy of which can be viewed at the following weblink.

<http://www.shipleys.com/cr/block-transfer-court-order>

I am now in a position to conclude this Liquidation provide here my final report issued in accordance with Section 106 of the Insolvency Act 1986

SUMMARY ACCOUNT

I enclose a copy of the final receipts and payments account to 18 January 2013

RECEIPTS

In respect of the receipts I would like to comment specifically on the following

Cash at Bank

I advise that the sum of £411 36 was paid into the Company's old bank account from an unknown third party, held with HSBC Bank Plc ("HSBC"), whilst the Company was in Administration. After correspondence with HSBC they agreed to pay these monies across to the Liquidation bank account. As can be seen from the attached receipts and payments account I have received this sum in full.

HM Revenue & Customs ("HMRC") Refund

I advise that a Corporation Tax refund from HMRC was also paid into the Company's old bank account during the Administration period in error. HSBC agreed to forward this money onto the Liquidation account and as can be seen from the attached receipts and payments account I have received this sum in full.

Transfer from Administration

I advise that on 18 May 2010 the Company was placed into Administration with Mr S Ryman and Mr C Beighton appointed as Joint Administrators and subsequently appointed Joint Liquidators on 10 December 2010, the result of which was the transfer of funds from the Administration to the Liquidation amounting to £64,514 44

Bank Interest

I advise that all funds received into the Liquidation are deposited in a high street bank account, which accrues interest. I confirm that since my last report I have received bank interest in the sum of £133.63 and since the date of Liquidation I have received the sum of £247.14 in respect of bank interest.

Early Termination of Sale Agreement

I advise that the business and assets of the Company were sold by the Joint Administrators to USG Security Limited ("USG"). The sale agreement stipulated that a percentage of any future profits would be paid back to the Company. In the Administration period a dispute ensued between USG, the Company and Graf Diamonds Limited ("Graff") following the cancellation of a service agreement by Graff. USG and the Company claimed for lost profit due to the termination. A settlement was agreed with £75,000 for loss of profits and £25,000 towards the associated legal costs. The entirety of the legal costs and 95% of the settlement figure were passed to USG with the balance of £3,750 remaining in the Liquidation.

PAYMENTS

The payments on my receipts and payments account show the expenses paid in the Liquidation and I would comment specifically on the following:

Administrators Remuneration & Disbursements

I advise that the sum of £6,129.76 and £34.35 have been paid in respect of outstanding Administration remuneration and disbursements respectively.

USG Security

As mentioned above the sums of £25,000 and £75,000 were received in the Liquidation in respect of a settlement and the associated legal costs regarding the termination of an agreement by Graff. As stated above all of the monies received in respect of the legal costs, £25,000, were to be forwarded to USG as were 95% of the monies received in respect of the settlement figure. As can be seen from the attached receipts and payments account USG have been forwarded the sum of £96,250.

Corporation Tax

I advise that HMRC have been paid the sum of £54.15 in respect of corporation tax due as a result of the Company earning funds from bank interest.

Insurance of Assets

I advise that Willis Limited have been paid the sum of £105 for the provision of insurance over the Company's assets in the initial stages of the Liquidation.

Bank Charges

I advise that The Insolvency Service have been paid the sum of £25, which relates to a fee levied by them for banking unclaimed dividends in to the unclaimed dividends account. Details of which are detailed later in this report.

LIABILITIES

Secured Creditors

I advise that the Company did not grant a fixed and/or floating charge to any creditor, accordingly the Company has no secured creditors

Preferential Creditors

I advise that the Company has no preferential creditors as all the Company's employees' contracts were transferred to USG upon them purchasing the Company's business and assets in the Administration. Please note that these contracts were all subject to the Transfer of Undertakings (Protection of Employment) ("TUPE") Regulations 2006

Unsecured Creditors

Details of the unsecured creditors who have claimed in the Liquidation and the amounts paid to them by way of an unsecured dividend is summarised below

Numbers of Unsecured Claims	Total value of claims £	Total dividend paid £	Dividend rate £
HM Revenue & Customs (PAYE & NIC)	406,167 84	36,647 59	9 02p in the £
HM Revenue & Customs (VAT)	69,750 00	6,293 38	9 02p in the £
Trade & Expense Creditors	250,023 43	22,559 03	9 02p in the £
Total	725,941.27	65,500.00	9.02p in the £

I advise that the above distribution was made on 26 April 2012 and represents a first and final dividend to the unsecured creditors.

Contributories

Amounts paid to contributories are summarised below:

Class of Share	Nominal value of 1 share £	Number of shares issued	Total dividend paid £	Dividend rate £
Ordinary	£1	1,000	0 00	N/A

I advise that due to the paucity of funds in the Liquidation it has not been possible to make a distribution to the contributories of the Company

Notice of No Further Dividend

In accordance with Rule 4 186 of the Insolvency Rules 1986, I confirm that no further dividend will be declared

Unclaimed Dividends

I advise that I have forwarded two unclaimed dividend payments totalling £94 04 to be deposited in The Insolvency Service's unclaimed dividend account

PRESCRIBED PART

Under the provisions of Section 176A of the Insolvency Act 1986 the Liquidators must report on the amount of funds distributed to unsecured creditors in respect of the prescribed part. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003 and where it is estimated that the Company will have, after discharging the costs of the Administration and preferential creditors claims, net property exceeding £10,000

The Company did not grant a floating charge to any creditor, consequently there was no prescribed part in this Liquidation

INVESTIGATIONS

In accordance with the Company Directors Disqualification Act 1986, I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am unable to disclose the contents

JOINT LIQUIDATORS' REMUNERATION & DISBURSEMENTS

At a meeting of creditors held on 22 July 2010, whilst the Company was in Administration it was resolved that the Joint Administrators' and subsequently the Joint Liquidators' remuneration be payable by reference to time properly given by him and his staff in attending to matters arising in the Liquidation.

Time costs incurred for the whole of the Liquidation are summarised below

	Hours No.	Rate / hour £	Total value of time £
Time recorded from 10/12/2011 to 18/01/2013	74.77	178 99	13,383.37
Total Liquidators' time costs	149 20	240 37	35,863 04

I attach schedules of my time costs which provide details of the activity costs incurred by staff grade for the whole period of the Liquidation to date and also for the period since my last Progress Report

Total Liquidation fees drawn at the date of this report amount to £36,546 64

For information purposes, I enclose "A Creditors' Guide to Liquidators' Fees", together with a document that outlines the policy of Shipleys LLP in respect of fees and disbursements. Since the approval of my remuneration on 22 July 2010, please note that the charge out rates of myself and my staff have changed. I would draw the attention of creditors to the historic charge out rate information contained in the policy document attached for further details

DISBURSEMENTS

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These expenses are known as category 1 disbursements and are detailed in the table below, which also indicates whether they have yet been paid from case funds.

Disbursement	Amount incurred this period £	Total amount incurred to date £	Amount reimbursed £	Amount still to be reimbursed £
Advertising	153 00	228 60	228 60	0 00
Insurance	10 00	10 00	10 00	0 00
Other Expenses	1 00	15 00	15 00	0 00
Postage	45 57	46 79	46 79	0 00
TOTAL	209.57	300.39	300.39	0.00

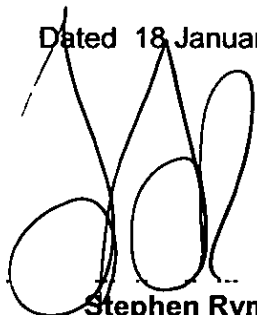
Liquidators often charge expenses for example photocopying and facsimile charges, mileage and internal room hire. Such expenses, which are attributable to cases, require the approval of the creditors before they can be drawn and these are known as category 2 disbursements. Creditors previously approved the payment of category 2 disbursements on 22 July 2010. The following costs have been incurred and where indicated reimbursed to my firm.

Disbursement	Amount incurred this period £	Total amount incurred to date £	Amount reimbursed £	Amount still to be reimbursed £
Photocopying	48.75	48 75	48.75	0 00
Storage	55.00	178 90	178 90	0 00
TOTAL	103.75	227.65	227.65	0.00

PROFESSIONAL ADVISORS

I advise that I have not required the assistance of any third parties throughout the administration of the Liquidation.

Dated 18 January 2013



Stephen Ryman
Joint Liquidator

Universe Security Group Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 10/12/2011 To 18/01/2013	From 10/12/2010 To 18/01/2013
	ASSET REALISATIONS		
	Cash at Bank	NIL	411 36
	HMRC Refund	NIL	40,000 00
64,514 44	Transfer from Administration	NIL	64,514 44
	Bank Interest Gross	134 38	247 89
	Early termination of sale agreement	NIL	75,000 00
	Legal Costs re sale agreement	NIL	25,000 00
		<u>134 38</u>	<u>205,173 69</u>
	COST OF REALISATIONS		
	Joint Administrators' Remuneration	NIL	6,129 76
	Joint Administrators' Disbursements	NIL	34 35
	Joint Liquidators' Remuneration	31,880 60	36,546 64
	Joint Liquidators' Disbursements	450 44	528 04
	USG Security	NIL	96,250 00
	Corporation Tax	54 15	54 15
	Insurance of Assets	NIL	105 00
	Bank Charges	25 75	25 75
	DTI Unclaimed Dividends	94 04	94 04
		<u>(32,504 98)</u>	<u>(139,767 73)</u>
	UNSECURED CREDITORS		
	Trade & Expense Creditors	22,464 99	22,464 99
	H M Revenue & Customs	36,647 59	36,647 59
	H M Revenue & Customs	6,293 38	6,293 38
		<u>(65,405.96)</u>	<u>(65,405 96)</u>
64,514.44		<u>(97,776.56)</u>	<u>0.00</u>
	REPRESENTED BY		
			<u>NIL</u>

Liquidators' time costs for the period of 10/12/2011 to 18/01/2013

SCHEDULE 1

[illegible]

Liquidators' total time costs from 10/12/2010 to 18/01/2013

[illegible]

Shipleys LLP
10 Orange Street, Haymarket, London WC2H 7DQ

CREDITORS' GUIDE TO FEES
EFFECTIVE FROM 1 AUGUST 2012
CHARGE-OUT RATES

Staff Allocation and Support Staff

An objective and practical approach is taken to each case which includes active Principal involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Set out below are the relevant charge-out rates per hour worked for the grades of all staff. Time is charged by reference to actual work carried out on each assignment. There has been no allocation of any general or overhead costs.

Grade	Charge-out rate (£ per hour) plus VAT where applicable
Principal*	400 - 480
Manager	230 - 325
Senior Administrator	210 - 230
Administrator	125 - 170
Assistant & Cashier	100 - 250

* or equivalent

NB Time costs are calculated at 6 minute units

The time of support staff is not charged to a case except when the initial set up is being performed and appointment documentation is prepared. Support staff will also occasionally charge their time when performing a sizeable administrative task within the case. Support staff charge their time at the £100/hr Assistant rate shown on the preceding table.

Specialist departments within the firm such as Tax and VAT may sometimes charge their time if and when the Office Holders may require their expert advice. The figures below provide details of the charge-out rates per hour worked for typical staff involved in this way.

Grade	Charge-out rate (£ per hour) plus VAT where applicable
Tax Principal*	300-395
Tax Manager	250
Tax Practitioner	200
Tax Assistant	145

Details of historic charge out rates in respect of the London office are provided at the end of this guide. Should any creditor wish to receive details of the charge out rates for the London office in force prior to those shown, these can be provided upon request.

DISBURSEMENTS

Category 1 Disbursements

These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. Examples of equivalent costs that may be reimbursed to the office holders without uplift and do not require prior approval are given below

Category	Basis of Charge
Indemnity Bond	At cost of mandatory cover required in accordance with the Insolvency Act 1986 for each appointment
Insurance of assets	At cost in relation to asset coverage requirements
Company searches	At cost incurred
Travel	All forms other than mileage at actual cost
Room Hire	All external venues at actual cost
Stationery	At cost incurred
Storage	Charge at actual cost incurred for storage (and retrieval, when appropriate) of records
Other	At actual cost charged

Category 2 Disbursements

These are costs that are directly referable to the appointment in question but not to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. In the event of charging for Category 2 disbursements the following items of expenditure are recharged on the basis specified

Category	Basis of Charge
Business Mileage	Motor vehicle at 40p per mile
Internal Room Hire	Held at Shipleys LLP, 10 Orange Street, Haymarket, London WC2H 7DQ £50
Photocopying	Specific calculation of 25 pence per sheet x number of creditors
Facsimiles	£1 for 1 st page and 10 pence for each additional page

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holder or his staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery or relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location

LONDON OFFICE - HISTORIC CHARGE OUT RATES - 1 APRIL 2007 ONWARDS

	01/04/07-31/12/07	01/01/08-31/12/08	01/01/09-31/12/09	01/01/10-31/12/10	01/01/11-31/12/11	01/01/12-31/01/12
	Charge-out rate (£ per hour) plus VAT where applicable					
Principal*	360-370	375	395	395-445	410-460	460
Director	n/a	340	355	375-400	n/a	n/a
Manager	285-300	300	300	245-270	280	300-325
Assistant Manager	200-220	222	180-228	180-250	260	n/a
Senior Administrator	160-210	175-210	140-190	175-220	200-225	210-230
Administrator	110-155	127-165	100-165	75-155	85-160	125-170
Assistant & Cashier	50-95	50-100	50-215	50-240	99-245	100-245

	01/02/12-30/04/12	01/05/12-31/07/12		
	Charge-out rate (£ per hour) plus VAT where applicable			
Principal*	460	400-480		
Director	n/a	n/a		
Manager	300-325	300-325		
Assistant Manager	n/a	n/a		
Senior Administrator	210-230	210-230		
Administrator	125-170	125-170		
Assistant & Cashier	100-250	100-250		

* or equivalent

A CREDITORS' GUIDE TO LIQUIDATORS' FEES

ENGLAND AND WALES

1 Introduction

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

2 Liquidation procedure

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

3 The liquidation committee

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

4 Fixing the liquidator's remuneration

4 1 The basis for fixing the liquidator's remuneration is set out in Rules 4 127 – 4 127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed

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

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

It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied. Rule 4 127 says that in arriving at its decision the committee shall have regard to the following matters:

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

4 2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator.

4 3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.

4 4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below).

5 Review of remuneration

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

6 What information should be provided by the liquidator?

6 1 When seeking remuneration approval

6 1 1 When seeking agreement to his fees the liquidator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought, and

- the size and complexity of the case

6 1 2 Where, at any creditors' or committee meeting, the liquidator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case

6 1 3 Where the liquidator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the liquidator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the liquidator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the liquidator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4 1 above. To enable this assessment to be carried out it may be necessary for the liquidator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent

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

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

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

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

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

6 1 4 Where the fee is charged on a percentage basis the liquidator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by a liquidator or his staff

6.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the liquidator should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 7.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 6.1.3. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 6.1.4 above regarding work which has been sub-contracted out.

6.3 Disbursements and other expenses

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

6.4 Realisations for secured creditors

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

7. Progress reports and requests for further information

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

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

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

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

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

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

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

8 Provision of information – additional requirements

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

The information which must be provided is –

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

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

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

9 What if a creditor is dissatisfied?

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

10 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee, or in the preceding administration, is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the liquidation committee, the creditors, in the preceding administration or in accordance with the statutory scale is insufficient, or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis

changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

11 Other matters relating to remuneration

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

12 Effective date

This guide applies where a company –

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