

LIQ03

Notice of progress report in voluntary winding up



Companies House

THURSDAY



A17 *A7K93UXL* 06/12/2018 #36
COMPANIES HOUSE

1 Company details

Company number 0 6 3 8 4 0 4 9

Company name in full INNOVATE PHOTONICS LTD

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) GARY

Surname STONES

3 Liquidator's address

Building name/number 63

Street WALTER ROAD

Post town SWANSEA

County/Region SWANSEA

Postcode S A 1 4 P T

Country

4 Liquidator's name

Full forename(s)

Surname

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

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6

Period of progress report

From date

d 2 d 3 m 1 m 1 y 2 y 0 y 1 y 7

To date

d 2 d 2 m 1 m 1 y 2 y 0 y 1 y 8

7

Progress report

☒ The progress report is attached

8

Sign and date

Liquidator's signature

Signature

X

[Handwritten Signature]

X

Signature date

d 0 d 5 m 1 m 2 y 2 y 0 y 1 y 8

INNOVATE PHOTONICS LTD – IN CREDITORS' VOLUNTARY LIQUIDATION
LIQUIDATORS' PROGRESS REPORT TO MEMBERS AND CREDITORS
FOR THE YEAR ENDING 22ND NOVEMBER 2018

STATUTORY INFORMATION

Company Name:	Innovate Photonics Ltd
Registered Office:	63 Walter Road Swansea SA1 4PT
Former Registered Office:	50 Pennard Road, Kittle, Swansea, SA3 3JY
Registered Number:	06384049
Liquidator's' Name:	Gary Stones
Liquidator's' Address:	Stones & Co 63 Walter Road Swansea SA1 4PT
Liquidator's Date of Appointment:	23rd November 2017

LIQUIDATOR'S ACTIONS SINCE APPOINTMENT

Upon my appointment as liquidator I instructed Geoff Ready Services as my agents to market and sell the company's tangible assets. The assets had been professionally valued by Geoff Ready Services prior to my appointment on 23rd November 2017.

The company's bankers were Bank of Scotland and I instructed the bank to close the company's bank accounts and to remit the credit balance which was held in one of the company's accounts to the liquidation.

The company traded from premises at Primrose House, Tawe Business Village, Swansea Enterprise Park, Swansea, SA7 9LA which was the subject of a lease dated 14th October 2016 between Michael John Oglesby and Jean Davies Oglesby for a period of 9 years commencing on 14th October 2016. I would inform that I formally disclaimed the lease under Section 178 of the Insolvency Act 1986 on 8th January 2018.

There is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A

description of the routine work undertaken since my appointment as Liquidator is contained in Appendix I.

RECEIPTS AND PAYMENTS

A summary of my receipts and payments for the period from 23rd November 2017 to 22nd November 2018 is attached at Appendix II.

The balance of funds are held in an interest bearing liquidation account with Lloyds Bank Plc

ASSETS

On 8th December 2017, I sold the assets of the company to GLS Wales Limited connected to the company by the director, via my agents, Geoff Ready Services, Swansea, an independent firm of valuers who have confirmed that they hold Professional Indemnity Insurance,

An outline of the different types of assets sold and the amount for which they were sold, together with a comparison against the valuation realised,

Asset category	Valuation £	Sale Consideration £
Office Equipment } Sundry Stock in Trade }	1300 750	1500
Total	----- 2050 =====	----- 1500 =====

Office Equipment, Tools and Sundry Stock in Trade

The office equipment and tools were valued at £1300 and sundry stock in trade £750 respectively and were disclosed in the in the director's Statement of Affairs with a total estimated to realise value of £2050. I advised by my agent's that despite his best efforts to market the assets the only party interested was the company's former director who made an offer of £1500 plus VAT for the lot and given the poor response he recommended that the offer be accepted

Cash at Bank

Cash at bank held at the Bank of Scotland realised the sum of £1338.38

Non Domestic Rates Refund

A refund of £393.29 was realised in respect of a non - domestic rates refund from Swansea City Council.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the company granted security to David Simon George in the form of a debenture conferring a fixed and floating charge over the assets and undertaking of the company which was created on 26th March 2008 and registered on 9th April 2008. David Simon George was owed £103,023.33 as at the date of liquidation which is totally irrecoverable in the liquidation.

Preferential Creditors

The Statement of Affairs anticipated £15,519 in preferential creditors in respect of arrears of pay and accrued holiday pay owed to 8 employees of the company. The employees' claims were submitted to the Redundancy Payments Service (RPS) for processing and the RPS have lodged a preferential claim in the liquidation of £12,399.73 in respect of payments made by them to the employees.

Crown Creditors

The Statement of Affairs included £37,247.88 representing estimated PAYE & NIC owed to HMRC.

HMRC's final claim of £38,509.96 has been received viz:-

£

PAYE 2017/2018	23571.44
PAYE 2016/2017	13211.87
VAT	1682.00
Interest	44.65

	38509.96
	=====

Non-Preferential Unsecured Creditors

In addition to the above HMRC debt the Statement of Affairs included non-preferential unsecured creditors with an estimated total liability of £34,252.53 consisting of 29 trade and expense creditors of £20,494.61. A loan creditor owed £13,607.91 and Bank of Scotland had an overdrawn business account balance of £1,500. I have received claims from 13 creditors totalling £12,163.80 which includes claims from 2 creditors not disclosed in the Statement of Affairs totalling £12,772.30 and a non-preferential claim from the RPS of £34,327.53 in respect of payments made by them to the employees. I have not received claims from 20 creditors with original estimated claims in the Statement of Affairs of £282,375.86.

DIVIDEND PROSPECTS

There is no prospect of a distribution to any class of creditor as the funds realised have been used to defray the expenses of the liquidation. :

Since the Company's net property is less than £10,000, the insolvency legislation does not require me to distribute the prescribed part of the net property to creditors if I think that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors. I am of the view that the costs of distribution would be disproportionate and so will not be making a distribution of the prescribed part of the net property to non-preferential unsecured creditors.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. There were no matters that justified further investigation in the circumstances of this appointment.

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

PRE-APPOINTMENT REMUNERATION

The fee for preparing the Statement of Affairs and arranging the decision procedure for creditors to appoint a liquidator in the sum of £4000 plus VAT was paid prior to the liquidation by David Simon George the former director of the company.

LIQUIDATOR'S REMUNERATION

My remuneration was approved on a fixed fee of £10000 plus VAT for my work in respect of all categories of work in the Liquidation namely Administration, Creditors, Investigations, Trading and Case Specific Issues.

I have drawn £1400 to 22nd November 2018 all of which were drawn in the period since 23rd November 2017 in respect of work done for which my fees were approved as a fixed fee.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' published by R3, is available at the link <https://www.r3.org.uk/what-we-do/publications/professional/fees>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the April 2017 version.

LIQUIDATOR'S EXPENSES

I have incurred expenses to 22nd November 2018 of £1562.42. I have drawn £1557.91 to date. I have incurred the following expenses in the period since my appointment as Liquidator:-

Type of expense	Amount incurred/ accrued in the reporting period
	£
Accountancy & Taxation Fees	680.00
Agent's Fees & Disbursements	171.60
Liquidator's Disbursements - See note 3 to Appendix II	706.31

	1557.91
	=====

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

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Basis of Fees</u>
Geoff Ready Services	Valuer	Time Costs plus 'Commission' Percentage of realisations
John F Harvey	Accountants	Time Costs
MB Consulting Chartered Accountants Swansea	Consultancy Fee - SIP 2 Report	Time Costs

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

	Estimated expenses	Expenses incurred to date
	£	£
Liquidator's Disbursements :-		
Advertising	300.00	248.30
Bond	230.00	230.00
Postage	50.00	105.24
Vatable Postage	-	76.27
Land Registry Fees	-	9.00
Consultancy Fee-SIP2 Report	-	37.50
	-----	-----
Total	580.00	706.31
	=====	=====

As at 22nd November 2018 then, as you can see from the information provided in this report, the expenses I have incurred in this matter have exceeded the total expenses I estimated I would incur when my remuneration was authorised by the creditors. The reasons I have exceeded the expenses estimate are due to the increase in the expenses not included in my original estimated expenses.

FURTHER INFORMATION

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

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

To comply with the Provision of Services Regulations, some general information about Stones & Co can be found in the attached summary sheet.

SUMMARY

There are no matters outstanding other than to recoup the post-liquidation VAT, the payment of the balance of my approved remuneration and the final costs of the liquidation. Once these matters have been resolved then I will take steps to conclude the liquidation and a final report will be sent out to you in due course.

If creditors have any queries regarding the conduct of the liquidation then they should contact Mrs Sharon Day on 01792 654607 or by email at stones.co@btconnect.com.



**GARY STONES
LIQUIDATOR**

APPENDIX I

1. Administration

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening a decision procedure to seek a decision from creditors to approve the officeholders' remuneration.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing annual progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

2. Creditors

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Office.
- Corresponding with employees regarding their claims.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Reviewing proofs of debt received from creditors,
- Requesting additional information from creditors

3. Investigations

- Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act.

APPENDIX II

INNOVATE PHOTONICS LTD - IN LIQUIDATION

SUMMARY OF RECEIPTS & PAYMENTS OF GARY STONES AS LIQUIDATOR
FROM 23RD NOVEMBER 2017 (DATE LIQUIDATION) TO 22ND NOVEMBER 2018

	Estimated to Realise per Statement of Affairs	Total
	£	£
<u>RECEIPTS</u>		
Office Furniture & Equipment }	1300	1500.00
Sundry Stock in Trade }	750	-
Non Domestic Rates Refund	-	393.29
Cash at Bank – Bank of Scotland	-	1338.38
Gross Interest	-	0.11
	-----	-----
	2050	3231.78
	=====	-----
 <u>PAYMENTS</u>		
Agent's Fees & Disbursements		171.60
Accountancy Fees		680.00
Liquidator's Remuneration - Fixed Fee on Account		1400.00
Liquidator Disbursements		706.31

		2957.91
VAT		7.50

		2965.41

 Balance in Hand as at 22nd November 2018		266.37
		=====

Notes

1. The figures are disclosed net of VAT where applicable.
2. The balance of funds are held in an interest bearing account held with Lloyds TSB Bank Plc.

3. Liquidator's disbursements have been paid as follows:-

	£
Advertising	248.30
Bond	230.00
Postage	105.24
Vatable Postage	76.27
Consultancy Fee - SIP2 Report	37.50
H M Land Registry Fees	9.00

	706.31
	=====

PROVISION OF SERVICES REGULATIONS SUMMARY SHEET FOR STONES & CO

The following information is designed to draw the attention of interested parties to the information required to be disclosed by the Provision of Services Regulations 2009.

Licensing Body

Gary Stones, the principal and owner of the firm is licensed to act as an Insolvency Practitioner in the United Kingdom by the Association of Chartered Certified Accountants. Gary Stones is also a member of the Insolvency Practitioners Association.

Gareth Stones, the manager of the firm, is a member of the Insolvency Practitioners Association.

Rules Governing Actions

All IPs are bound by the rules of their professional body, including any that relate specifically to insolvency. The rules of the professional body that licences Gary Stones can be found at <http://www.accaglobal.com/uk/en/member/professional-standards/rules-standards/acca-rulebook.html>. In addition, IPs are bound by the Statements of Insolvency Practice (SIPs), details of which can be found at <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>.

Ethics

All IPs are required to comply with the Insolvency Code of Ethics and a copy of the Code can be found at <http://www.accaglobal.com/content/dam/acca/global/PDF-members/2012/2012e/ethical-code.pdf>.

Complaints

At Stones & Co we always strive to provide a professional and efficient service. However, we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of a particular case then in the first instance you should contact the IP acting as office holder.

This will then formally invoke our complaints procedure and we will endeavour to deal with your complaint under the supervision of those unconnected with the appointment.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at www.gov.uk/complain-about-insolvency-practitioner; or you can email insolvency.enquiryline@insolvency.gsi.gov.uk; or you may phone 0300 678 0015. Information on the call charges that apply is available at <https://www.gov.uk/call-charges>.

Professional Indemnity Insurance

Stones & Co's Professional Indemnity Insurance is provided by Allied World Insurance Company (Europe) Plc, of Third Floor, 30 St Mary Avenue, London, EC3A 8BF. This professional indemnity insurance provides worldwide coverage, excluding professional business carried out from an office in the United States of America or Canada, and any action for a claim brought in any court in the United States of America or Canada and limited to £2.5 million for any one claim (as detailed in the policy wording).

VAT

Stones & Co is registered for VAT under registration no. 728 9872 71.

Bribery Act 2010

Stones & Co is committed to applying the highest standards of ethical conduct and integrity in its business activities. Every employee and individual acting on Stones & Co's behalf is responsible for maintaining our reputation and for conducting company business honestly and professionally.

Stones & Co take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

Stones & Co requires all those who are associated with it to observe the highest standards of impartiality, integrity and objectivity.

Stones & Co prohibits anyone acting on its behalf from:

- bribing another person. A bribe includes the offering, promising or giving of any financial or other *type of advantage*;
- accepting a bribe. This includes requesting, agreeing to receive or accepting any financial, or another kind of advantage;
- bribing a foreign public official; and
- condoning the offering or acceptance of bribes.

Stones & Co will:

- avoid doing business with others who do not accept our values and who may harm our reputation;
- maintain processes, procedures and records that limit the risk of direct or indirect bribery;
- promote awareness of this policy amongst its staff, those acting on its behalf and entities with which it has any commercial dealings;
- investigate all instances of alleged bribery, and will assist the police, and other authorities when appropriate, in any resultant prosecutions. In addition, disciplinary action will be considered against individual members of staff;
- review this policy regularly and update it when necessary.

Privacy Notice

1. About us

This privacy notice explains how Stones & Co. of 63 Walter Road, Swansea, SA1 4PT collects, stores and uses your personal information. We are the data controller of your personal information, which means information that is about you or from which we can identify you.

If you have any queries about this privacy notice or wish to exercise any of the rights mentioned in it, please contact Gary Stones, either in writing at 63 Walter Road, Swansea, SA1 4PT or via email at stones.co@btconnect.com.

2. Why do we need to collect your personal data?

We use personal information about you in the following ways:

- to provide you with our agreed services;
- to comply with legal and regulatory obligations and good practice;
- for operational reasons such as recording transactions, training and quality control;
- to gather information as part of investigations by regulatory bodies;
- to verify your identity where this is required;
- to ensure the confidentiality of commercially sensitive information;
- to update and enhance client records;
- to notify you about changes to our services; and
- to maintain our records in accordance with applicable legal and regulatory requirements.

3. What personal information do we collect?

We collect the following information:

- Your title, full name, your contact details, including for instance your email address, home and mobile telephone numbers;
- Your home address, correspondence address (where different from your home address) and address history;
- Your date of birth and/or age
- Your photo ID by means of a copy of your passport and/or photo driving licence.
- Your nationality, if this is necessary for us to comply with our legal and regulatory requirements.

4. Do you have to provide your personal information to us?

If you do not provide us with the personal information we need, we may be unable to provide you with our services. Your personal information is required before you enter into a contract with us, or it is required during the life of that contract, or it is required by laws that apply to us. If we already hold some of the personal information we need we may not need to collect it again.

5. What are our legal grounds for collecting and using your personal data?

Data protection laws require us to explain our legal grounds for processing your personal information. We use the term processing to describe everything we do with your personal

information from its collection, right through to its destruction or deletion. This includes sharing your data with other organisations.

The legal grounds that are relevant to us are:

- Processing which is necessary to perform our contract with you or for taking steps prior to entering into it. We use this ground for:
 - a. administering and managing your matter and updating your records; and
 - b. providing you with our agreed services.
- Processing which is necessary to comply with our legal obligations. We use this ground for:
 - a. compliance with laws that apply to us;
 - b. establishment, defence and enforcement of our legal rights;
 - c. notifying you about any changes to our terms or our privacy notice;
 - d. carrying out identity checks and anti money laundering checks
 - e. dealing with requests from you to exercise your rights under data protection laws; and
 - f. communicating with you in response to any query, request or complaint you may have.
 - g. when we share your personal information with these other people or organisations:
 - Law enforcement agencies and governmental and regulatory bodies such as HM Revenue & Customs, the Financial Conduct Authority, the Ombudsman, Companies House, The Insolvency Service and the Information Commissioner's etc
 - Courts and other organisations where it is necessary for the administration of justice, to protect vital interests and to protect the security or integrity of our business operations.
- Processing which is necessary for our own legitimate interests where these interests are not outweighed by any prejudice to your rights and freedoms. We use this ground for:
 - a. administering and managing your matter and updating your records;
 - b. to adhere to guidance and best practice under the regimes of governmental and regulatory bodies;
 - c. to administer our good governance requirements such as internal reporting and compliance obligations or administration;
 - d. communicating with you in response to any query, request or complaint you may have; and
 - e. when we share your personal information with these other people or organisations:
 - The referrer or other intermediary who introduced you to us
 - Other professional advisers, auditors and actuaries
 - Other organisations and businesses who provide services to us such as, back up and server hosting providers, IT software and maintenance providers, document storage providers and suppliers of other back office functions
- Processing with your consent. We use this ground for:
 - a. when you request that we share your personal information with someone else and consent to that.

6. How and when can you withdraw your consent?

As we explain above, much of what we do with your personal information is not based on your consent. Instead, it is based on other legal grounds. For processing that is based on your consent, you have the right to withdraw your consent at any time. You can do this by contacting us using the details above.

7. Who do we share your personal information with?

We routinely share information referred to in paragraph 3 above with:

- Legal Advisors, Regulatory Bodies, Government Departments and Agencies, Courts and organisations where it is necessary for the administration of justice.

8. Is your personal information transferred outside the European Economic Area?

We are based in the UK and your personal information is stored within the European Economic Area (EEA). We do not transfer your personal information outside the EEA other than in exceptional circumstances.

9. What should you do if your personal information changes?

You should tell us without delay so that we can update our records. The contact details for this purpose are: stones.co@btconnect.com

If you were introduced to us by a referrer or other intermediary, you should contact them separately. In some cases where you exercise your rights against us under data protection laws, we may need to inform the referrer or other intermediary but this will not always be the case.

10. For how long is your personal information retained by us?

We will hold your information for the whole time that we are instructed to act on your behalf and for a period of 6 years after this time or for the period we are advised to retain this information by the applicable regulatory bodies.

In some circumstances we may keep your information for longer than this, for instance where we are required by law to do so, or where we need to retain your information to defend or exercise our legal rights. We may also retain transactional history for statistical research and reporting reasons.

11. Your rights

Under data protection laws, you have the rights listed below. If you wish to exercise any of these rights, please contact us by email on stones.co@btconnect.com. We will aim to respond within one month. There is no fee for making a request. Please note that not all of these rights will apply to all of your personal information.

- The right to be informed – we have to be transparent with you about the processing that we do with your personal information. This is why we have a privacy notice.
- The right to ask us to correct your personal information if it is inaccurate and to have incomplete personal information completed. If we have disclosed the personal

information in question to other organisations, we must inform them of the correction *where possible*.

- The right to object to our processing of your personal information where it is based on our legitimate interests. Your right to object may be relevant if you wish to find out more about what legitimate interests we rely on (they are listed in our privacy notice).
- The right to restrict processing of your personal information in certain circumstances.
- The right to ask us to have your personal information erased. This right is not absolute – it applies only in particular circumstances and, where it does not apply, we will tell you. We will not be able to comply if we are required to keep your personal information in order to comply with a legal obligation or to exercise or defend legal claims.
- The right to request access to the personal information held about you. This is often described as a *Subject Access Request*.
- The right to ask for your personal information in a reusable format (known as the right to data portability). This right only applies where personal information is being processed based on your consent or for performance of a contract and is carried out by automated means. This is separate to a *Subject Access Request*.

When making a request please:

- let us have enough information to identify you eg. your full name, address and file reference number (if applicable).
- let us have proof of your identity and address (a copy of your driving licence or passport and a recent utility or credit card bill less than 3 months old); and
- let us know the information to which your request relates, including reference numbers, if you have them.

12. Keeping your information secure

We have appropriate security measures in place to prevent personal information from being accidentally lost, or used or accessed in an unauthorised way. We limit access to your personal information to those who have a genuine business need to know it. Those processing your information will do so only in an authorised manner and are subject to a duty of confidentiality.

We also have procedures in place to deal with any suspected data security breach. We will notify you and any applicable regulator of a suspected data security breach where we are legally required to do so.

13. How to complain

If you are unhappy with the way that we are handling your personal information, please contact us on stones.co@btconnect.com in the first instance and we will try to resolve your complaint. However, you do also have the right to complain to the Information Commissioner's Office, which is the regulator for data protection laws: <https://ico.org.uk/>

PRACTICE FEE RECOVERY POLICY FOR STONES & CO

Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors via a decision procedure, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/fees>. Alternatively, a hard copy may be requested from Stones & Co of 63 Walter Road, Swansea, SA1 4PT. Please note that we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 01/04/2018
	£
Principal – appointment taker	285
Qualified IP Manager/ Qualified Accountant	220
Senior Administrator	170
Case Administrator	140
Cashier	140
Support Staff	75

These charge-out rates charged are reviewed on 1st April each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

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

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

- Investigations
- Distributions
- Case Specific Matters

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

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

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

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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

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

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

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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

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

Members' voluntary liquidations and Voluntary Arrangements

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

All bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Agent's Costs

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

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

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

Disbursements

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

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Stones & Co, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

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

It is proposed that the following Category 2 disbursements are recovered:

Mileage	45p per mile
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