

# Liquidator's Progress Report

# S.192

Pursuant to Sections 92A and 104A and 192 of the Insolvency Act 1986

To the Registrar of Companies

Company Number

01804662

Name of Company

Acreharrow Limited

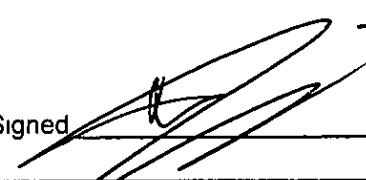
I / We  
S B Ryman  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

Anthony Davidson  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

the liquidator(s) of the company attach a copy of my/our Progress Report under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 30/09/2011 to 29/09/2012

Signed



Date

12.11.12

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

TUESDAY



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20/11/2012

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COMPANIES HOUSE

Ref 51456/SBR/AD/FK

**Acreharrow Limited**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**

<b>Statement of Affairs</b>		<b>From 30/09/2011 To 29/09/2012</b>
	<b>SECURED CREDITORS</b>	
30,000 00	Plant and machinery	NIL
(35,760 84)	State Securities plc	NIL
(7,242 89)	Lloyds TSB	NIL
		NIL
	<b>ASSET REALISATIONS</b>	
NIL	Plant & Machinery	NIL
6,450 00	Motor Vehicles	6,500 00
60,000 00	Book Debts	36,497 97
	Rates Refund	3,226 43
	Bank Interest Gross	13 01
		46,237 41
	<b>COST OF REALISATIONS</b>	
	Preparation of S of A	6,000 00
	S of A Disbursements	500 00
	Office Holders Fees	12,091 45
	Office Holders Expenses	446 84
	Book Debt Commission	10,790 46
	Court Fees	210 00
		(30,038 75)
	<b>PREFERENTIAL CREDITORS</b>	
(76,653 25)	Employee Arrears/Hol Pay	NIL
		NIL
	<b>UNSECURED CREDITORS</b>	
(838,366 21)	Trade & Expense Creditors	NIL
(214,000 00)	Employees	NIL
(19,672 78)	Landlord	NIL
(141,793 99)	HMRC (PAYE/NI)	NIL
(35,825 32)	HMRC (VAT)	NIL
		NIL
	<b>DISTRIBUTIONS</b>	
(2,122 00)	Ordinary Shareholders	NIL
		NIL
<b>(1,274,987.28)</b>		<b>16,198.66</b>
	<b>REPRESENTED BY</b>	
	VAT Receivable	293 64
	Bank 1 Current	15,905 02
		<b>16,198.66</b>



S B Ryman

Joint Liquidator

06 November 2012 13 00

# **ACREHARROW LIMITED**

Company Number: 01804662

## **JOINT LIQUIDATORS REPORT TO CREDITORS PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT 1986**

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**Acreharrow Limited (In Creditors' Voluntary Liquidation)**  
**Registered Office: 10 Orange Street, Haymarket, London WC2H 7DQ**  
**Registered number: 01804662**  
**Joint Liquidators: Stephen Ryman and Anthony Davidson**  
**Joint Liquidators Address: 10 Orange Street, Haymarket, London WC2H 7DQ**  
**Date of Appointment: 30 September 2011**  
**Period of Report: 30 September 2011 to 29 September 2012**

## **REPLACEMENT OF LIQUIDATOR**

I give notice that with effect from 24 July 2012 Anthony Davidson have been appointed Joint Liquidator in place of the previous Joint Liquidators Conrad Beighton The appointments were 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>.

Please find following my Annual Progress Report in accordance with Section 104A of the Insolvency Act 1986 and Rule 4 49C of the Insolvency Rules 1986

I also enclose a Receipts and Payments account showing a balance in hand of £16,198 for your information

## **RECEIPTS**

The Receipts shown are largely self-explanatory, although I would comment specifically on

### **Motor Vehicles**

At the date of Liquidation, four vehicles free of finance were valued at £6,450 by independent valuers and agents, Deeley Matthews These comprise of two Renault Master panel vans, a Peugeot Expert van, and an Iveco Daily high roof panel van

I can confirm that a sum of £6,500 has been received in this reporting period from Asset Star Limited, a company with associated directors No further funds are expected in this regard

### **Book debts**

At the date of Liquidation the company had an outstanding book debt ledger in the sum of £401,311 The ledger was mainly made up of ongoing disputes and outstanding retentions and it was estimated that a sum of £60,000 would be collectable in the Liquidation

Initially the Liquidators instructed Anthill Debt Collections to collect the ledger, a debt collection agency who had assisted the Company with the collection of its book debts while it traded

No collections were made in the first three months of the Liquidation so the Liquidators saw it fit to instruct, HC Services Limited ("HCSL"), a specialist book debt collection company to recover the outstanding debts The Liquidators choice of instructing HCSL was based on their past experience with the firm and the firms ability to perform this type of work

On review of the debtors, HCSL confirmed the realisable value of the ledger to be £40,000 due to additional disputes and the Company not having enough evidence to substantiate their claims In this reporting period a sum of £36,497 has been collected and HCSL are pursuing three accounts that remain outstanding A further sum of £6,000 is expect to be realised

### **Rates refund**

A sum of £3,226 has been collected by the Liquidators from Bridgend County Borough Council in relation to an overpayment of business rates while the Company traded. No further funds are expected in this regard.

### **Plant and machinery**

At the date of Liquidation the Company had six machines but these were subject to a lease agreement with State Securities Limited ("State Securities"). State Securities confirmed that the outstanding liability due to them was £35,760.84 plus VAT. Deeley Matthews, independent valuers and agents, valued the machinery on both an in-situ and ex-situ basis of £30,000 and £22,000 respectively. I can confirm State Securities have taken the machinery back from the company as per the agreement.

The Company also had a number of machines free of finance but due to old age and wear and tear the Director advised at the date of Liquidation these were scrapped. The Liquidators have investigated the matter and can report that the machinery that was scrapped was onerous and no further action has or will be taken in this regard.

### **PAYMENTS**

Following is a summary of the professional fees and other expenses which have been paid in this period of the Liquidation and the costs which have accrued and not yet been paid. I would specifically comment as follows:

#### **Preparation of Statement of Affairs**

A sum of £6,000 was paid for convening the meetings of members and creditors pursuant to Section 98 of the Insolvency Act 1986 and for the preparation of the Statement of Affairs. In addition, a sum of £500 has been paid in relation to disbursements in this regard. I can confirm payment has been paid in full and no other matters remain outstanding in this regard.

#### **Book Debt Commission**

A sum of £10,790 has been paid to HCSL in regards to assisting the Joint Liquidators with the collection of the Company book debts. As mentioned above, I can confirm the Liquidators are still currently reviewing these debts and should further realisations be made, further commission payments will be made to HCSL.

#### **Court Fee**

A sum of £210 has been paid in this reporting period in relation to paying court fees in regards to obtaining judgements on outstanding book debts.

#### **Professional Advisors**

<b>Name</b>	<b>Nature of Work</b>	<b>Basis of Fee Arrangement</b>
HC Services Limited	Book debt collection agent	Commission

The Joint Liquidators' choice was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them

The Joint Liquidators have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case

## **PROGRESS OF THE LIQUIDATION**

### **Assets**

The only asset left to realise in the Liquidation is the outstanding book debts. As mentioned above, three accounts remain outstanding and my agent, HCSL, estimate a sum of £6,000 will be collected over the next coming months

Once the debts have been dealt with the Liquidator will look to distribute funds to the preferential creditors, after all expenses in the Liquidation have been settled

### **Investigations**

There are no matters outstanding in this regard

## **LIABILITIES**

### **SECURED CREDITORS**

The Company granted a debenture to Lloyds TSB Plc ("Lloyds"), which was created on 16 May 1984 and registered on 30 May 1984. The debenture includes a charge over the fixed and floating assets of the Company. Lloyds have confirmed that the amount outstanding to them is £7,242. I can confirm no distribution will be made to Lloyds under their floating charge due to insufficient funds in the Liquidation once the preferential claims have been dealt with

In addition, the Company registered a loan agreement over six machines with State Securities which was created on 27 September 2010. State Securities confirmed at the date of Liquidation the amount outstanding was £35,760 plus VAT. I can confirm State Securities have since taken the machinery back from the Company in line with the agreement that was in place

State Securities are yet to confirm if they have an unsecured claim in the Liquidation in relation to a shortfall that may have arose from the return of the machinery under their loan agreement

### **PREFERENTIAL CREDITORS**

The Company had thirty employees at the date it ceased trading. All employees were made redundant on the 30 August 2011 and will be claiming their entitlements including outstanding wages and holiday pay. It is estimated that the total preferential claim will amount to £76,653

It is expected a dividend to the preferential creditors will be made after all book debts have been collected

### **UNSECURED CREDITORS**

Creditors claims received to date total £632,107, which includes a claim for HM Revenue and Customs in the sum of £37,087 in respect of outstanding PAYE and NI payments

Due to insufficient realisations in the Liquidation no distribution will be made to the unsecured creditors

### **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 distribution and preferential creditors claims, net property exceeding £10,000

The Company had not granted a floating charge to any creditor after the 15 September 2003, and 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

### **LIQUIDATORS' REMUNERATION**

Pursuant to the Insolvency Rules 1986, the Joint Liquidators are obliged to fix their remuneration in accordance with Rule 4.127(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either

- (1) as a percentage of the assets realised and distributed, and/or
- (2) by reference to the time the Joint Liquidators and the staff have spent attending to matters in the liquidation, and/or
- (3) as a set amount, and/or
- (4) as a combination of the above

The Joint Liquidators' remuneration has been approved on the basis of time properly spent in dealing with issues in the Liquidation at a meeting of creditors on 30 September 2011

To 29 September 2012, the Joint Liquidators have drawn £12,091 in respect of remuneration as shown on the enclosed Receipts and Payments account

I attach at Appendix 1 a schedule analysing the timecosts for the period under review which records the work undertaken. Timecosts totalling £13,363 have been incurred which represents a total of 86 hours and 25 minutes at an average charge out rate of £154 per hour

For guidance, 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 30 September 2011, 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 are known as category 1 disbursements

We therefore report that the sum of £432 has been incurred in respect of category 1 disbursements as follows

Disbursement	Amount incurred this period £	Amount reimbursed £	Amount still to be reimbursed £
Advertising	153 00	153 00	22 53
Insurance	137 60	137 60	0 00
Company search	17 00	17 00	0 00
Postage	85 36	85 36	0 00
Storage	39 91	39 91	0 00
<b>TOTAL</b>	<b>432.87</b>	<b>432 87</b>	<b>22 53</b>

Liquidators often charge expenses for example photocopying and facsimile charges, mileage and 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. I can confirm that during the last year category 2 disbursement expenses totalling £36, having previously been approved on 30 September 2011 have been drawn as follows

Disbursement	Amount incurred this period £	Amount reimbursed £	Amount still to be reimbursed £
Photocopying	34 00	34 00	0 00
Fax	2 50	2 50	0 00
<b>TOTAL</b>	<b>36 50</b>	<b>36 50</b>	<b>0 00</b>

The Joint Liquidators have drawn £446 in respect of disbursements as shown on the enclosed Receipts and Payments account. I can confirm that the amount of £22 that remains unpaid will be paid in due course from funds held on account.

### **CREDITORS' RIGHTS**


Creditors with the concurrence of at least 5% in value of the unsecured creditors may within 7 business days request in writing further information regarding the remuneration and expenses set out in this report. In accordance with Rule 4.49E(3) of the Insolvency Rules 1986, within 14 days of a request we will provide further information or explain why further information is not being provided.

A creditor (who need not be the creditor who asked for the information) may, with the concurrence of at least 5% or more in value of the creditors (including the creditor in question), apply to the court within 21 days of our response or the expiry for the period of my response and the court may make such order as it thinks fit (Rule 4.49E(4) of the Insolvency Rules 1986). Creditors with the concurrence of at least 10% of the creditors may apply to the court if they consider that the remuneration of the liquidators, or the basis fixed for the remuneration of the liquidator or expenses charged by the liquidator are excessive (Rule 4.131 of the Insolvency Rules 1986). Such an application must be made within 8 weeks of receiving this draft report.



I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors

Dated 12 November 2012



.....  
**Anthony Davidson**  
**Joint Liquidator**

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Liquidators' fees and expenses:**

**Rule 4.49E Creditors' and members' request for further information**

- (1) If
- (a) within the period mentioned in paragraph (2)—
    - (i) a secured creditor, or
    - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
    - (iii) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or
  - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2)-
    - (i) any unsecured creditor, or
    - (ii) any member of the company in a members' voluntary winding up,

makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4 49B(1)(e) or (f) (including by virtue of Rule 4 49C(5)) or in a draft report under Rule 4 49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter[s] in a draft report under Rule 4 49D or a progress report required by Rule 4 108 which (in either case) was previously included in a progress report not required by Rule 4 108

- (2) The period referred to in paragraph (1)(a) and (b) is-
- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report where it is required by Rule 4 108, and
  - (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case
- (3) The liquidator complies with this paragraph by either-
- (a) providing all of the information asked for, or
  - (b) so far as the liquidator considers that-
    - (i) the time or cost of preparation of the information would be excessive, or
    - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
    - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

**Rule 4.131 Creditors' claim that remuneration is or other expenses are excessive**

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that-

- (a) the remuneration charged by the liquidator,
- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
- (c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party

If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders-

- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
- (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation

**Acreharrow Limited**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs	From 30/09/2011 To 29/09/2012	From 30/09/2011 To 29/09/2012
	<b>SECURED CREDITORS</b>	
30,000 00	NIL	NIL
(35,760 84)	NIL	NIL
(7,242 89)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>ASSET REALISATIONS</b>	
NIL	NIL	NIL
6,450 00	6,500 00	6,500 00
60,000 00	36,497 97	36,497 97
	3,226 43	3,226 43
	13 01	13 01
	<u>46,237 41</u>	<u>46,237 41</u>
	<b>COST OF REALISATIONS</b>	
	6,000 00	6,000 00
	500 00	500 00
	12,091 45	12,091 45
	446 84	446 84
	10,790 46	10,790 46
	210 00	210 00
	<u>(30,038 75)</u>	<u>(30,038 75)</u>
	<b>PREFERENTIAL CREDITORS</b>	
(76,653 25)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>UNSECURED CREDITORS</b>	
(838,366 21)	NIL	NIL
(214,000 00)	NIL	NIL
(19,672 78)	NIL	NIL
(141,793 99)	NIL	NIL
(35,825 32)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>DISTRIBUTIONS</b>	
(2,122 00)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(1,274,987.28)</u>	<u>16,198.66</u>	<u>16,198.66</u>
	<b>REPRESENTED BY</b>	
		293 64
		15,905 02
		<u>16,198.66</u>

Case - Acreharrow Limited

Liquidators' time costs for the period 30/09/2011 to 29/09/2012

SCHEDULE 1

	Partner		Manager		Assistant Manager		Senior Administrator		Administrator		Assistant		Total	
	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost
<b>Administration and Planning</b>														
Case Planning	5.00	£1,987.50	1.00	£185.00	0.00	£0.00	0.00	£0.00	10.41	£1,210.75	0.00	£0.00	17.41	£3,363.25
Administrative Set Up	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.50	£21.00	0.50	£21.00
Appointment notification	2.60	£858.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	2.60	£858.00
Maintenance of Records	0.00	£0.00	0.00	£0.00	0.00	£0.00	1.70	£164.50	0.00	£0.00	8.96	£884.43	11.56	£1,206.03
Statutory Reporting	0.30	£99.00	0.50	£132.00	0.00	£0.00	0.75	£85.50	5.00	£575.00	0.00	£0.00	6.55	£891.50
<b>Realisation of Assets</b>														
Identifying Securing Insuring	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Retention of Title	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Debt Collection	6.30	£2,079.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	17.50	£2,122.50	0.00	£0.00	23.80	£4,201.50
Sales-property business & assets	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	1.50	£172.50	0.00	£0.00	1.50	£172.50
<b>Creditors</b>														
Creditors - Communication with	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	5.00	£575.00	0.00	£0.00	5.00	£575.00
Creditors Claims	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
<b>Investigations</b>														
SIP2 Review	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	4.00	£485.00	0.00	£0.00	4.00	£485.00
CDDA Reporting	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	6.50	£812.50	0.00	£0.00	6.50	£812.50
Antecedent Transactions	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	1.25	£96.25	0.00	£0.00	1.25	£96.25
<b>Trading</b>														
Management of Operations	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Accounting for Trading	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	5.75	£661.25	0.00	£0.00	5.75	£661.25
Ongoing Employees	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
<b>Tax</b>														
Tax	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
<b>Average hourly charge out rate</b>	£330.49	£5,023.50	£211.33	£317.00	#DIV/0!	£0.00	£151.52	£250.00	£117.18	£8,687.85	£95.71	£905.43	£305.43	
<b>Total Hours</b>	86.42													
<b>Total Cost</b>	£13,363.78													
<b>Average</b>	£	154.64												

Total Hours 86.42  
 Total Cost £13,363.78  
 Average £ 154.64

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

**CREDITORS' GUIDE TO FEES**  
**EFFECTIVE FROM 1 MAY 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.

<b>Grade</b>	<b>Charge-out rate (£ per hour) plus VAT where applicable</b>
<b>Principal*</b>	400 - 480
<b>Manager</b>	300 - 325
<b>Senior Administrator</b>	210 - 230
<b>Administrator</b>	125 - 170
<b>Assistant &amp; Cashier</b>	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.

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

Details of historic charge out rates in respect of the London and Birmingham offices are provided at the end of this guide. Please note that specific Birmingham charge out rates came into effect on 1 January 2009 and that trading ceased from that office on 29 June 2012. 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 <sup>st</sup> 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**

	1/4/07-31/7/07	1/8/07-31/10/07	1/11/07-31/12/07	1/1/08-31/12/08	1/1/09-31/12/09	1/1/10-31/1/10	1/2/10-31/8/10
	Charge-out rate (£ per hour) plus VAT where applicable						
Principal*	360	370	370	375	395	395	395
Director	n/a	n/a	n/a	340	355	375	375
Manager	285	300	300	300	300	245	245
Assistant Manager	200	220	220	222	180-228	180-228	180-235
Senior Administrator	160-185	175-210	175-210	175-210	140-190	175-225	175-225
Administrator	110-150	127-150	127-155	127-165	100-165	75-140	75-140
Assistant & Cashier	70-90	50-93	50-93	50-100	50-215	50-215	50-215

	1/9/10-31/12/10	1/1/11-31/12/11	1/1/12-31/1/12	1/2/12-1/5/12
	Charge-out rate (£ per hour) plus VAT where applicable			
Principal*	400-445	410 - 460	460	460
Director	400	n/a	n/a	n/a
Manager	270	280	300-325	300-325
Assistant Manager	248	260	n/a	n/a
Senior Administrator	193-220	200 - 225	210-230	210-230
Administrator	83-154	85 - 160	125-170	125-170
Assistant & Cashier	97-237	99 - 242	100-245	100-250

\* or equivalent



**BIRMINGHAM OFFICE - HISTORIC CHARGE OUT RATES**

	1/1/09-31/12/09	1/1/10-31/1/10	2/2/10-31/8/10	1/9/10-31/12/10	1/1/11-31/12/11	1/1/12-1/5/12	1/2/12-30/4/12
	Charge-out rate (£ per hour) plus VAT where applicable						
Principal*	300	300	300	300-330	330	330	330
Director	300	300	300	300-330	n/a	n/a	n/a
Manager	200	220	220	242	251	250-265	250-265
Assistant Manager	200	200	200	220	230	n/a	n/a
Senior Administrator	105-140	105-115	105-175	152-176	155-180	160-185	160-185
Administrator	105	75-105	75-105	83-116	85-119	95-125	95-125
Assistant & Cashier	50-120	50-120	50-120	88-132	99-135	100-140	100-140

	1/5/12 - 29/6/12
	Charge-out rate (£ per hour) plus VAT where applicable
Principal*	300-345
Director	n/a
Manager	250-265
Assistant Manager	n/a
Senior Administrator	160-185
Administrator	95-125
Assistant & Cashier	100-140

\* or equivalent

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## A CREDITORS' GUIDE TO LIQUIDATORS' FEES

### ENGLAND AND WALES

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#### 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