

Section 106

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

To the Registrar of Companies

S.106

Company Number

03612761

Name of Company

Commercial Property Surveyors Limited

I,

Mark Elijah Thomas Bowen,
Hillcarnie House,
St Andrews Road,
Droitwich,
Worcestershire, WR9 8DJ

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

1 give notice that a general meeting of the company was ~~duly held on~~/summoned for 15 November 2016 pursuant to section 106 of the Insolvency Act 1986, for the purpose of having an account (of which a copy is attached) laid before it showing how the winding up of the company has been conducted, and the property of the company has been disposed of, ~~and that the same was done accordingly~~ / no quorum was present at the meeting.

2 give notice that a meeting of the creditors of the company was ~~duly held on~~/summoned for 15 November 2016 pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having the said account laid before it showing how the winding up the company has been conducted and the property of the company has been disposed of ~~and that the same was done accordingly~~/no quorum was present at the meeting

The meeting was held at Hillcarnie House, St Andrews Road, Droitwich, Worcestershire, WR9 8DJ

The winding up covers the period from 30 January 2014 (opening of winding up) to the final meeting (close of winding up)

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

Signed


 Mark Elijah Thomas Bowen

Date 15 November 2016

MB Insolvency
Hillcarnie House
St Andrews Road
Droitwich
Worcestershire
WR9 8DJ

Ref CPS01/METB/SS/SM/MC



A17

A5JZNMVR

18/11/2016

#264

COMPANIES HOUSE

MET Bowen appointed liquidator on 30 January 2014

Commercial Property Surveyors Limited

(In Liquidation)

Liquidator's final report and account pursuant to Section 106 of the Insolvency Act 1986

Period 30 January 2014 (commencement of liquidation) to 15 November 2016 (conclusion of winding up)

Contents

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1. Company and Liquidator's Details

Company registered number	03612761
Nature of business	Property Surveyors
Former trading address	6 Queens Street, Newton Abbot, TQ12 2EF
Date winding up commenced	30 January 2014
Name of liquidator	MET Bowen
Date of liquidator's appointment	30 January 2014
Changes in office holder (if any)	None
Registered office address	MB Insolvency, Hillicairnie House, St Andrews Road, Droitwich, WR9 8DJ

This final report and account, which is issued under the provisions of Section 106 of the Insolvency Act 1986, should be read in conjunction with the report on the S98 meeting dated 30 January 2014 and subsequent progress reports

2. Liquidator's Actions

The liquidator has completed the following tasks during the liquidation period

- Requested and examined all relevant books and records
- Arranged specific bond commensurate with the asset level
- Issued statutory notices to The Registrar of Companies, creditors, shareholders, & H M Revenue & Customs
- Changed the registered office to Hillcarnie House, St Andrews Road, Droitwich, Worcestershire, WR9 8DJ
- Circulated the report prepared for the Creditors meeting on 31 January 2014 to all creditors and contributories
- Advertised the appointment in the London Gazette with confirmation of Resolutions passed at the creditors' meeting on 30 January 2014 and requested information from Creditors and proofs of debt
- Dealing with the Directors Loan Account and receiving proposals of repayment by the director
- Written to Directors/Shadow Directors informing of cessation of powers, duty to co-operate, completion of questionnaire and the restriction on re-use of Company name
- Collated information received from Creditors/answered on-going enquiries
- Investigated asset levels and reconciled with position in last filed accounts
- Submitted report to The Department of Business Innovation & Skills
- Reconciled bank account at monthly intervals
- Circulating progress report for the period 30 January 2014 to 29 January 2015 to all creditors and contributories
- Reconciled Corporation Tax liabilities
- Paid/Reclaimed VAT as applicable
- Circulating progress report for the period 30 January 2015 to 29 January 2016 to all creditors and contributories
- Instructing solicitors following the non-payment of the director's loan account after agreeing repayment
- Calling and preparing final meeting documentation

3. Receipts and Payments Account

Attached at Appendix 1 is my final account of receipts and payments for the entire duration of the liquidation from 30 January 2014 to 15 November 2016. My comments on items appearing in the account are as follows -

Liquidator's actions

The assets of the company together with their estimated to realise values and the actual amounts received are shown on the attached receipts and payments account

Receipts

Directors Loan Account

There is an outstanding director's loan account of £50,000 00 owed by Chns Bodger. An offer of £40,000 00 was received and accepted. No payments have been made in this regard and it has come to our attention that no payments will be forthcoming. Mr Bodger instructed agents in respect of a possible IVA, no proposals were received and on the information we did receive the IVA was not acceptable.

Legal advice has been sought which culminated in selling the debt to which £3,500 00 has been realised for the estate.

Post Liquidations Credits

£1,200 has been received from Barclays as monies where paid into the account following our appointment.

Bank Interest

Bank interest of £2 82 has been accrued for the period.

Payments

These are detailed on the attached receipts and payments account and are self-explanatory. Further details are available on request.

Liquidators' Remuneration

The liquidator's remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the liquidation. These, and the tariff for the liquidator's Category 2 disbursements, were approved at a meeting of creditors held on 30 January 2014.

The directors authorised the costs of convening the meetings of members and creditors and the preparation of the statement of affairs at £4,000 00 plus VAT and expenses and disbursements, and this was subsequently approved at a meeting of creditors held on 30 January 2014. £3,649 88 has been drawn against this sum and the balance has been written off.

Since the date of appointment, the total time spent on this assignment, including a provision of 5 hours (£900 00) for closing costs, amounts to 57.9 hours at an average composite rate of £168 15 per hour resulting in total time costs of £9,736 00. No funds were available so no monies have been drawn against the time costs and the balance has been written off. The amount of the composite rate reflects the complexity of the matters dealt with and the expertise of the staff required.

Expenses and disbursements amount to £1,567 58. £1,052 89 has been drawn and the balance has been written off. Further information as regards time costs and expenses is set out at Appendix 2 and Appendix 3.

4. Creditor Claims

Secured Creditors

Barclays Bank Plc ("Barclays") hold security over the Company's assets in the form of a debenture registered on 24 November 2010, which created fixed and floating charges over the entire assets of the Company. The directors have advised that the outstanding balance in this regard is £9,877 82. Barclays have yet to confirm their indebtedness.

Preferential Creditors

There are no preferential creditors

Unsecured creditors

The unsecured creditors' claims were estimated by the directors to amount to £55,167 66 Unsecured creditors' claims amounted to £46,850 67

5. Dividends

The Prescribed Part provisions of S176A of the Insolvency Act 1986 do not apply to this company as realisations were insufficient to meet the costs of the liquidation Accordingly funds were not available for distribution to creditors

In the context of the information herein presented, accordingly Notice is hereby given pursuant to Rule 4 186 of The Insolvency Rules 1986 that no dividend will be declared in respect of non-preferential creditors in this matter for the reason that the funds realised have already been distributed or used or allocated for defraying the expenses of the liquidation In this connection, the particulars prescribed by Rule 11 6 of the Insolvency Rules 1986 are contained within this report and accompanying account of receipts and payments

6. Other Relevant Information

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds In addition, a liquidator is also required to consider the conduct of the company's directors and to make an appropriate submission to the Department of Business Innovation and Skills I can confirm that I have discharged my duties in these respects

7. Creditors' Rights to Challenge

Rule 4 49E of the Insolvency Rules 1986 (as amended) provides for any creditor who has at least 5% in value of the unsecured creditors to make a written request for further information within 14 days of receipt of this report Rule 4 131 of the Insolvency Rules 1986 (as amended) provides for any creditor who has at least 10% in value of the unsecured creditors to make an application to the court for an order that the Liquidator's remuneration is excessive, such application to be made within 28 days of receipt of this report

Further information or a full copy of the relevant rules is available on receipt of a written request

8. Report status

Pursuant to Rule 4 49D et seq of the Insolvency Rules 1986, this report is presented as a draft Subject only to any challenge being made under section 6 above, this report became final on 15 November 2016

9. Final meetings

This report and account of receipts and payments were laid before final meetings of the Company and the creditors to be held on 15 November 2016 in accordance with Section 106 of the Insolvency Act 1986 The meetings are a formal requirement of liquidation procedure and are a prelude to the formal dissolution of the Company, which will occur automatically, approximately three months later

The meetings are rarely attended, and are being held at my office in order to minimise costs Should any creditor require further explanation of matters contained within the report, they should contact my

office and speak in the first instance to Sam Shepherd who will be pleased to assist. If any creditor wishes to attend the meeting, it would assist me in making the necessary administrative arrangements if you would inform Sam Shepherd by telephone on 01905 776 771 or by email on samshepherd@mb-l.co.uk. This is particularly important for any creditor wishing to attend who considers that the proposed venue is inconvenient. In that event I will consider reconvening the meetings at an alternative venue to be agreed. Any such request should be made within the next seven days so that I may inform all creditors of the revised arrangements.

10. Resolutions

The following resolutions were passed at the final meeting -

- 1 Approval of the final report and account previously circulated to members and creditors, and
- 2 Authority for the Liquidator to destroy the company's books and records 12 months after the company is dissolved

A proxy form is included for your use and, for your convenience, the resolutions are printed on the form. If you wish to propose any other resolutions please use the space provided or the reverse of the form.



MET Bowen
Liquidator

Dated 15 November 2016

LIQUIDATOR'S ACCOUNT OF RECEIPTS AND PAYMENTS

Period 30 January 2014 - 15 November 2016

	Estimated to realise as per the Statement of Affairs	Receipts and payments for period 30/01/2014 to 29/01/2016	Receipts and payments up until 15/11/2016
Receipts -			
Directors Loan Account	£ 50,000 00	-	£3,500 00
Post Liquidation Credits	-	£ 1,200 00	£1,200 00
Bank Interest	-	£ 1 22	£2 82
Total Receipts	£ -	£1,201 22	£4,702 82
Payments -			
Pre Appointment Fees	-	-	-£3,649 88
Post Appointment Fees	-	-	-
Advertising	-	-	-£278 89
Bond	-	-	-£24 00
Storage Costs	-	-	-
Legal Fees	-	-	-£750 00
Corporation Tax	-	-£0 05	-£0 05
Dividends			
		£0 00	£0 00
Total Payments		-£0 05	-£4,702 82
Represented by			
Cash at Bank		-	-
VAT		-	-
		£1,201 17	£0 00

**Commercial Property Surveyors Limited (In Liquidation)
Summary of remuneration for Period 30 January 2014 – 15 November 2016**

Classification of work	Partner	Senior Manager	Manager	Administrator	Support	Total Units	Time Cost £	Average Rate £/h
Stat Compliance / Admin & Planning	16 00			214 00		230 00	3,666 00	159 39
Investigation	20 00			44 00		64 00	1,260 00	196 88
Realisation of Assets	8 00	4 00		155 00		167 00	2,665 00	159 58
Creditors	15 00			53 00		68 00	1,245 0	183 09
Estimated Closure Costs	10 00			40 00		50 00	900 00	180 00
Total	69 00	4 00		506 00		579 00	9,736 00	168 15
Fees Drawn							(0 00)	

All time is recorded in units of six minutes. Therefore 1 unit equates to 6 minutes of time recorded

Charge out Rates

From 13 February 2013
Rates depend on complexity of the case
Partner £300
Managers £225-250
Assistant Manager £200
Senior Administrator £175
Administrator £150
Senior Assistant/Cashier £150
Support Staff £90

Standard activity

Administration and planning

Statutory reporting and compliance
 Compliance with other regulatory requirements
 Case planning
 Administrative set up
 Appointment notification
 Maintenance of records

Investigations

SIP 2 review
 CDDA reports
 Investigating antecedent transactions

Realisation of assets

Identifying, securing, insuring assets
 Retention of title
 Debt collection
 Property, business and asset sales

Trading

Management of operations
 Accounting for trading
 On-going employee issues

Creditors

Communication with creditors
 Creditors' claims (including employees' and other preferential creditors')

Commercial Property Surveyors Limited (In Liquidation)
Summary of Category 2 Disbursements for 30 January 2014 – 15 November 2016

Category 1 disbursements

	Incurred	Paid	Unpaid
	£	£	£
Bond	24 00	24 00	
Advertising	278 89	278 89	
Postage	8 68	-	8 68
Telephone			
Storage Costs			
Travel			
Subsistence			
External Room Hire			
External Photocopying			
External Records Removal			
Mail Re-direction			
Swear Fee			
Company Search			
Professional Fees			
Other			

Category 2 disbursements

	Incurred	Paid	Unpaid
	£	£	£
Photocopying / Printing	6 01	-	6 01
Registered Office Fee	375 00	-	375 00
IPS Charge	125 00	-	125 00
Mileage			
Room Hire			

Category 2 disbursement rates

Photocopying / Printing	£0 17 per sheet
Registered office fee	£125 per annum
IPS charge	£125 per case
Mileage	£0 45 per mile
Room hire	£60 per hour where held at MBI offices

Commercial Property Surveyors Limited (In Liquidation)
Summary of Expenses for Period 30 January 2014 – 15 November 2016

Nature of expense

	Provider	Basis of remuneration
Legals	Morgan Phelps Solicitors	Fixed

Expenses incurred and paid

	Incurred	Paid	Unpaid
	£	£	£
Morgan Phelps Solicitors	750 00	750 00	-



Practice fee and disbursement recovery policy

Introduction

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court. Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP9). A copy of the relevant circulation listed in reports to creditors and is also available upon request.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

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

Time cost basis

This is the basis that we use in the majority of cases using charge out rates appropriate to the skills and experience of each member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken. Cashiers, secretarial and support staff charge all the time they work as such work has not been allowed for in calculating the hourly rates charged by the partners and other staff. If such time were not charged our charge out rates for Partners and other staff would be approximately 20% higher. Time billed is subject to Value Added Tax (VAT) at the applicable rate.

Staff allocation and the use of sub-contractors

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



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The case team will usually consist of partner, senior manager/manager and liquidator. The exact case team will depend on the anticipated size and complexity of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Liquidator's charge out rate schedule below provides details of all grades of staff.

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

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

Service Type	Service Provider	Basis of fee arrangement	Cost to date£

Charge out rates

Our charge out rates are reviewed periodically, our charge out rates are summarised below

Charge out rates per hour effective from February 2013

Charge out rates per hour effective from May 2010

Grade	Hourly Rate (£)	Grade	Hourly Rate (£)
Partner	300	Partner	275-350
Managers	225-250	Senior Manager	225-250
Assistant Managers	200	Manager/Administrator	70-160
Senior Administrator	175	Support Staff	50-100
Administrator	150		
Senior Assistant/Cashier	150		
Support Staff/Secretary	90		

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories:

Administration and planning - which includes work such as planning how the case will be administered and progressed, the administrative set up of the case, notifying creditors and others of the appointment, keeping the records relating to the case up to date; case review, case progression meetings, and reporting on progress of the case to creditors and others.



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Investigations - which includes work such as undertaking an initial review of the financial affairs of the company and bankrupt, undertaking a detailed investigation with a view to making recoveries for the benefit of creditors where matters such as preferences or wrongful trading come to light as a result of the initial review, and reporting to the Insolvency Service on the conduct of the directors

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

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

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

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

Percentage basis

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

Fixed fee

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

Value Added Tax

The officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Agent's costs

Charged at cost based on the amount billed by the Agent instructed, the term Agent includes

Solicitors, Legal Advisors, Debtor recovery specialists

Auctioneers, Valuers, Accountants

Quantity Surveyors

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Estate Agents

MB Insolvency [www mb-i co uk](http://www.mb-i.co.uk)

Document Storage Agents

Other Specialist Advisors

Disbursements

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

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

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

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

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

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Professional advisors

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

Name of professional advisor	Basis of fee arrangement

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

A CREDITORS' GUIDE TO LIQUIDATORS' FEES
ENGLAND AND WALES

1 Introduction

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

2 Liquidation procedure

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

3 The liquidation committee

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

progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's remuneration

4.1 Basis

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.

4.2 Advance information where remuneration not based on time costs

Prior to the determination of the basis of remuneration, the liquidator must give the creditors details of the work the liquidator proposes to undertake, and the expenses he considers will be, or are likely to be, incurred. However, where the liquidator proposes to take any part or all of his remuneration on a time cost basis, he must provide more detailed information in the form of a 'fees estimate', as explained below.

4.3 Fees estimates where remuneration to be based on time costs

Where the liquidator proposes to take remuneration based on time costs, he must first provide the creditors with detailed information in the form of a 'fees estimate'. A fees estimate is a written estimate that specifies –

- details of the work the liquidator and his staff propose to undertake,
- the hourly rate or rates the liquidator and his staff propose to charge for each part of that work,
- the time the liquidator anticipates each part of that work will take,
- whether the liquidator anticipates it will be necessary to seek approval or further approval under the Rules, and
- the reasons it will be necessary to seek such approval.

In addition, the liquidator must give the creditors details of the expenses he considers will be, or are likely to be, incurred.

4.4 Who fixes the remuneration

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

4.5 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 the 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.

4.6 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.

4.7 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 General principles

6.1.1 The liquidator should provide those responsible for approving his remuneration with sufficient information to enable them to make an informed judgement about the reasonableness of the liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to creditors, while being proportionate to the circumstances of the case.

6.1.2 The liquidator should disclose

- payments, remuneration and expenses arising from the administration paid to the liquidator or his or her associates,
- any business or personal relationships with parties responsible for approving the liquidator's remuneration or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.

The liquidator should inform creditors of their rights under insolvency legislation, and should advise them how they may access suitable information setting out their rights within the first communication with them and in each subsequent report.

6.1.3 Where the liquidator sub-contracts out work that could otherwise be carried out by the liquidator or his or her staff, this should be drawn to the attention of creditors with an explanation of why it is being done.

6.2 Key issues

6.2.1 The key issues of concern to those with a financial interest in the level of payments from the insolvency estate will commonly be

- the work the liquidator anticipates will be done, and why that work is necessary,

- the anticipated cost of that work, including any expenses expected to be incurred in connection with it,
- whether it is anticipated that the work will provide a financial benefit to creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute),
- the work actually done and why that work was necessary,
- the actual costs of the work, including any expenses incurred in connection with it, as against any estimate provided,
- whether the work has provided a financial benefit to creditors, and if so what benefit (or if the work provided no direct financial benefit, but was required by statute)

When providing information about payments, fees and expenses, the liquidator should do so in a way which facilitates clarity of understanding of these key issues. Narrative explanations should be provided to support any numerical information supplied. Where it is practical to do so, the liquidator should provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration.

- 6.2.2 When approval for a fixed amount or a percentage basis is sought, the liquidator should explain why the basis requested is expected to produce a fair and reasonable reflection of the work that the liquidator anticipates will be undertaken.

6.3 Fee estimates and subsequent reports

- 6.3.1 When providing a fee estimate, the liquidator should supply that information in sufficient time to facilitate that body making an informed judgement about the reasonableness of the liquidator's requests. The estimate should clearly describe what activities are anticipated to be conducted in respect of the estimated fee. When subsequently reporting to creditors, the actual hours and average rate (or rates) of the costs charged for each activity should be provided for comparison.

6.4 Disbursements

- 6.4.1 Costs met by and reimbursed to the liquidator in connection with the liquidation will fall into two categories:

- **Category 1 disbursements** These are payments to independent third parties where there is specific expenditure directly referable to the liquidation. Category 1 disbursements can be drawn without prior approval, although the liquidator should be prepared to disclose information about them in the same way as any other expenses.
- **Category 2 disbursements** These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the liquidator or their firm, and that can be allocated to the liquidation on a proper and reasonable basis.

When seeking approval, the liquidator should explain, for each category of cost, the basis on which the charge is being made. If the liquidator has obtained approval for the basis of Category 2 disbursements, that basis may continue to be used in a sequential appointment where further approval of the basis of remuneration is not required, or where the liquidator is replaced.

- 6.4.2 The following are not permissible as disbursements:

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

6.5 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. Exceeding the amount set out in the fees estimate

Remuneration must not exceed the fees estimate without approval by the body which fixed the original basis of the remuneration. The request for approval must specify –

- the reason why the liquidator has exceeded, or is likely to exceed, the fees estimate,
- the additional work the liquidator has undertaken or proposes to undertake,
- the hourly rate or rates the liquidator proposes to charge for each part of that additional work,
- the time that additional work has taken or the liquidator anticipates that work will take,
- whether the liquidator anticipates that it will be necessary to seek further approval, and
- the reasons it will be necessary to seek further approval

8 Progress reports and requests for further information

8.1 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,
- where appropriate, a statement –
 - that the remuneration anticipated to be charged is likely to exceed the fees estimate or any approval given for remuneration exceeding the estimate,
 - that expenses incurred or anticipated to be incurred are likely to exceed, or have exceeded, the details given to the creditors prior to the determination of the basis of remuneration, and
 - the reason for that excess
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the liquidator's remuneration and expenses

8.2 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

8 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

9. 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

10 What if a creditor is dissatisfied?

10 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

10 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

10 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 8 1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing

10 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.

11 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.

12 Other matters relating to remuneration

12 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.

12 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.

12 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.

12 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.

12 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.

12 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.

Appendix

Suggested format for the provision of information

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

Narrative overview of the case

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

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

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

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

Time cost basis

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

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

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

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

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

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

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

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

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