

# 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 30/09/2012 to 23/07/2013

Signed

Date

20-09-2013

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

Ref 51456/SBR/AD/GL

THURSDAY



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A14 26/09/2013 #421  
COMPANIES HOUSE

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

Statement of Affairs	From 30/09/2012 To 23/07/2013	From 30/09/2011 To 23/07/2013	
<b>SECURED CREDITORS</b>			
30,000 00	Plant and machinery	NIL	NIL
(35,760 84)	State Securities plc	NIL	NIL
(7,242 89)	Lloyds TSB	NIL	NIL
		NIL	NIL
<b>ASSET REALISATIONS</b>			
NIL	Plant & Machinery	NIL	NIL
6,450 00	Motor Vehicles	NIL	6,500 00
60,000 00	Book Debts	15,679 41	52,177 38
	Rates Refund	NIL	3,226 43
	Security Deposit Refund	19,900 92	19,900 92
	Bank Interest Gross	47 88	68 47
		35,628 21	81,873 20
<b>COST OF REALISATIONS</b>			
	Preparation of S of A	NIL	6,000 00
	S of A Disbursements	NIL	500 00
	Office Holders Fees	5,662 73	17,754 18
	Office Holders Expenses	188 37	635 21
	Book Debt Commission	5,332 45	16,122 91
	Court Fees	NIL	210 00
		(11,183 55)	(41,222 30)
<b>PREFERENTIAL CREDITORS</b>			
(76,653 25)	Employee Arrears/Hol Pay	NIL	NIL
		NIL	NIL
<b>UNSECURED CREDITORS</b>			
(838,366 21)	Trade & Expense Creditors	NIL	NIL
(214,000 00)	Employees	NIL	NIL
(19,672 78)	Landlord	NIL	NIL
(141,793 99)	HMRC (PAYE/NI)	NIL	NIL
(35,825 32)	HMRC (VAT)	NIL	NIL
		NIL	NIL
<b>DISTRIBUTIONS</b>			
(2,122 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(1,274,987.28)</b>		<b>24,444.66</b>	<b>40,650 90</b>
<b>REPRESENTED BY</b>			
	VAT Receivable		773 64
	Bank 1 Current		39,877 26
			<b>40,650.90</b>

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**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: PO Box 60317, 10 Orange Street, London, WC2H 7WR**

**Registered number: 01804662**

**Joint Liquidators: Stephen Ryman and Anthony Davidson**

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

**Date of Appointment: 24 July 2012**

**Period of Report: 30 September 2012 to 23 July 2013**

Please find following my Progress Report in accordance with Section 104A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986

As creditors will recall, on 24 July 2012, Stephen Ryman and I were appointed Joint Liquidators in place of the previous Liquidators Conrad Beighton and Robert Smailes. The appointment was made in accordance with an Order of Court dated 24 July 2012 made in the High Court of Justice, a copy of which can be viewed at the following weblink

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

This report covers the period 30 September 2012 to 23 July 2013 and has been prepared in order to reset the reporting period in the Liquidation in line with the date of the Order of Court and the requirements of the Insolvency Rules 1986 (as amended). All future reports will therefore be issued on a 12 month basis from the anniversary of the Order of Court on 24 July 2012.

I also enclose a Receipts and Payments account showing a balance in hand of £40,650.90 for your information.

**RECEIPTS**

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

**Book Debts**

During the period to which this report relates a sum of £15,679.41 has been realised in relation to book debts owed to the Company. This amount was realised by Husband Collection Services ('HSC') who creditors will recall had been instructed to collect the book debt ledger.

**Security Deposit Refund**

During the period to which this report relates a sum of £19,900.92 has been realised in relation to the refund of a security deposit which was being held by Lloyds TSB Cardnet.

**Bank Interest Gross**

I advise that a sum of £47.88 has been accumulated in interest on the balance held in the bank account utilised for the purposes of the Liquidation.

**PAYMENTS**

**Book Debt Commission**

A sum of £5,332.45 has been paid HCS for their assistance during the period to which this report relates.

## Professional Advisors

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

Name	Nature of Work	Basis of Fee Arrangement	Fee Paid
Husband Collection Services Limited	Debt collection	35% of collections	5,332 45

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

Collection of the Company's book debt ledger remains the only outstanding issue in this case in relation to asset realisations

Correspondence is currently ongoing with the Redundancy Payments Office in order to agree the claims of the preferential creditors. Once this is resolved, it is anticipated that a dividend will be paid to preferential creditors. Should funds be available for distribution to any other class of creditor following the preferential dividend, then creditors will be notified accordingly.

Should there be insufficient funds to distribute to non-preferential creditors, the case will be closed accordingly.

## ASSETS

The assets that remain to be realised are as follows

### Book Debts

HCS have advised that there remains one outstanding debtor on the ledger, being the sum of £4,900 44. I have instructed HCS to request a sum in full and final settlement of this debt and currently await a response from the debtor. I will advise of the outcome of this situation in my next report to creditors.

## LIABILITIES

### SECURED CREDITORS

Holder	Date of Debenture	Value of Debenture £	Amount Paid £
Lloyds TSB Plc	30 May 1984	7,242 00	0 00
<b>TOTAL PAID</b>			<b>0.00</b>

## PREFERENTIAL CREDITORS

Numbers of Creditors	Preferential	Statement of Affairs amount £	Total value of claims received £	Total dividend paid £	Dividend rate £
	Employee Arrears/Holiday Pay	76,653.25	uncertain	0.00	N/A
	Redundancy Payments Office	0.00	16,231.74	0.00	N/A
	<b>TOTAL PAID</b>	<b>76,653.25</b>	<b>16,231.74</b>	<b>0.00</b>	<b>N/A</b>

As stated above, I am in the process of agreeing the preferential claims through correspondence with the Redundancy Payments Office. For this reason the total value of claims received for Employee Arrears and Holiday Pay is uncertain

## UNSECURED CREDITORS

Numbers of Creditors	Unsecured	Statement of Affairs amount £	Total value of claims received £	Total dividend paid £	Dividend rate £
	Deficiency to State Securities	5,760.84	0.00	0.00	N/A
	Trade & Expense	838,366.21	535,347.58	0.00	N/A
	Employees	214,000.00	Uncertain	0.00	N/A
	Landlord	19,672.78	19,672.78	0.00	N/A
	HM Revenue & Customs (PAYE/NI)	141,793.99	144,519.72	0.00	N/A
	HM Revenue & Customs (VAT)	35,825.32	37,087.59	0.00	N/A
	<b>TOTAL PAID</b>	<b>1,255,419.14</b>	<b>776,627.67</b>	<b>0.00</b>	<b>N/A</b>

Until the preferential claims are agreed a dividend to unsecured creditors remains uncertain

## 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.

## **FUTURE PROSPECTS**

As stated above, once book debt collections are complete and the preferential claims are agreed it is anticipated that a dividend will be distributed to the preferential creditors

A dividend to non-preferential creditors is uncertain. Should sufficient funds be available to enable a distribution to unsecured creditors in this case notification will be issued accordingly

## **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 23 July 2013, the Joint Liquidators have drawn £17,754.18 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 £6,263.05 have been incurred which represents a total of 47 hours and 5 minutes at an average charge out rate of £133.00 per hour

I attach at Appendix 2 a schedule analysing the timecosts for the whole period of the Liquidation which records the work undertaken. Timecosts totalling £19,626.83 have been incurred which represents a total of 133 hours and 30 minutes at an average charge out rate of £147.01 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 £564.71 has been incurred and drawn in respect of category 1 disbursements as follows

<b>Disbursement</b>	<b>Amount incurred this period £</b>	<b>Amount incurred in whole period £</b>	<b>Amount reimbursed £</b>	<b>Amount still to be reimbursed £</b>
Advertising	0 00	153 00	153 00	0 00
Insurance	72 00	209 60	209 60	0 00
Company Searches	0 00	17 00	17 00	0 00
Postage	59 84	145 20	145 20	0 00
Storage	0 00	39 91	39 91	0 00
<b>TOTAL</b>	<b>131.84</b>	<b>564.71</b>	<b>564.71</b>	<b>0.00</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 period to which this report relates category 2 disbursement expenses totalling £34 00, having previously been approved on 30 September 2011 have been drawn as follows

<b>Disbursement</b>	<b>Amount incurred this period £</b>	<b>Amount incurred in whole period £</b>	<b>Amount reimbursed £</b>	<b>Amount still to be reimbursed £</b>
Photocopying	34 00	68 00	68 00	0 00
Fax	0 00	2 50	2 50	0 00
<b>TOTAL</b>	<b>34.00</b>	<b>70.50</b>	<b>70.50</b>	<b>0.00</b>

Creditors wishing to receive a breakdown of the time costs and disbursements incurred and paid together with a receipts and payments account to the date of the Block Transfer Order on 24 July 2012 and since that date to 23 July 2013, may request this information in writing at no cost to themselves

### **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 19 September 2013



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 30/09/2012 To 23/07/2013	From 30/09/2011 To 23/07/2013
<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	NIL	6,500 00
60,000 00	15,679 41	52,177 38
	NIL	3,226 43
	19,900 92	19,900 92
	47 88	68 47
	<u>35,628 21</u>	<u>81,873 20</u>
<b>COST OF REALISATIONS</b>		
	NIL	6,000 00
	NIL	500 00
	5,662 73	17,754 18
	188 37	635 21
	5,332 45	16,122 91
	NIL	210 00
	<u>(11,183 55)</u>	<u>(41,222 30)</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>24,444.66</u>	<u>40,650.90</u>
<b>REPRESENTED BY</b>		
		773 64
		39,877 26
		<u>40,650.90</u>

Case - Acresharrow Limited

Liquidators' time costs for the period 30/09/2011 to 23/07/2013

APPENDIX 2

	Partner		Manager		Assistant Manager		Senior Administrator		Administrator		Assistant		Total	
	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost
Administration and Planning														
Case Planning	6.50	£2,160.00	4.55	£967.25	0.00	£0.00	0.00	£0.00	26.16	£3,236.50	0.30	£31.50	37.51	£8,295.25
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	£868.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	2.60	£868.00
Maintenance of Records	0.00	£0.00	1.05	£238.25	0.00	£0.00	0.90	£164.50	0.00	£0.00	14.55	£1,454.98	18.90	£2,084.23
Statutory Reporting	0.30	£99.00	0.50	£132.00	0.00	£0.00	0.75	£85.50	12.90	£1,489.10	0.00	£0.00	14.45	£1,605.60
Realisation of Assets														
Identifying, Securing, Insuring	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	2.00	£290.00	0.00	£0.00	2.00	£290.00
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	1.00	£195.00	0.00	£0.00	0.00	£0.00	18.50	£2,251.50	0.00	£0.00	25.80	£4,525.50
Sales-property business Assets	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00	5.25	£541.25	0.00	£0.00	5.25	£541.25
Creditors														
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	4.00	£516.00	0.00	£0.00	4.00	£516.00
Investigations														
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
Trading														
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	0.00	£0.00	0.00	£0.00	0.00	£0.00
Ongoing Employees	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
Tax														
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
Average hourly charge out rate	£330.96	15.70	£5,196.00	7.10	£1,432.50	0.00	£0.00	1.85	£250.00	93.71	£1,241.45	16.35	£1,506.88	£38.17
Total Hours														
Total Cost														
Average														

Total Hours 133.51  
 Total Cost £19,628.83  
 Average £ 147.01



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

**CREDITORS' GUIDE TO FEES**  
**EFFECTIVE FROM 1 MAY 2013**  
**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>	350 - 355
<b>Manager</b>	120 - 150
<b>Assistant Manager</b>	115 - 120
<b>Senior Administrator</b>	105 - 120
<b>Administrator</b>	70 - 105
<b>Assistant &amp; Cashier</b>	100 - 150

\* 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 with 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>	210 - 345
<b>Tax Manager</b>	150 - 190
<b>Tax Practitioner</b>	135 - 150
<b>Tax Assistant</b>	85 - 100

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

## DISBURSEMENTS

### Category 1 Disbursements

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

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

### Category 2 Disbursements

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

Category	Basis of Charge
Business Mileage	Motor vehicle at 40p per mile
Internal Room Hire	Held at Shipleys LLP, 10 Orange Street, Haymarket, London WC2H 7DQ £50
Photocopying	Specific calculation of 25 pence per sheet x number of creditors
Facsimiles	£1 for 1 <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 - IN-HOUSE MVL - HISTORIC CHARGE OUT RATES**

	01/01/09-31/12/09	01/01/10-31/12/10	01/01/11-31/12/11	01/01/12-30/04/12	01/05/12-31/07/12	01/08/12-31/12/12
	Charge-out rate (£ per hour) plus VAT where applicable					
Principal*	200-300	200-330	220-330	270-330	240-345	240-345
Director	170	n/a	n/a	n/a	n/a	n/a
Manager	120	120-135	130-140	135-145	135-145	115-150
Assistant Manager	100-110	105-125	120-130	n/a	n/a	n/a
Senior Administrator	85-110	90-110	100-115	105-115	105-115	105-120
Administrator	60-80	65-80	70-85	70-90	70-90	70-90
Assistant & Cashier	35-90	35-100	40-100	40-105	40-105	100-140

	01/01/13-30/04/13			
	Charge-out rate (£ per hour) plus VAT where applicable			
Principal*	340-345			
Director	n/a			
Manager	120-150			
Assistant Manager	115-120			
Senior Administrator	105-120			
Administrator	70-105			
Assistant & Cashier	100-150			

\* 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