

LIQ13

Notice of final account prior to dissolution in MVL



For further information, please refer to our guidance at www.gov.uk/companieshouse

1 Company details

Company number 0 2 0 4 4 2 7 9

Company name in full Garforth Residential Homes Limited

→ **Filling in this form**

Please complete in typescript or in bold black capitals.

2 Liquidator's name

Full forename(s) Steve

Surname Markey

3 Liquidator's address

Building name/number Leonard Curtis

Street Leonard Curtis House

Elms Square, Bury New Road

Post town Whitefield

County/Region Greater Manchester

Postcode M 4 5 7 T A

Country

4 Liquidator's name ①

Full forename(s) Sean

Surname Williams

① **Other liquidator**

Use this section to tell us about another liquidator.

5 Liquidator's address ②

Building name/number Leonard Curtis

Street Leonard Curtis House

Elms Square, Bury New Road

Post town Whitefield

County/Region Greater Manchester

Postcode M 4 5 7 T A

Country

② **Other liquidator**

Use this section to tell us about another liquidator.

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6 Final account

I have delivered the final account of the winding up to the members in accordance with Section 94(2) and attach a copy.

7 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 1 ^d 2

^m 0 ^m 7

^y 2 ^y 0 ^y 2 ^y 3

LIQ13

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Tori Anya**

Company name **Leonard Curtis**

Address **Leonard Curtis House**

Elms Square, Bury New Road

Whitefield

Post town **Greater Manchester**

County/Region

Postcode **M 4 5 7 T A**

Country

DX

Telephone **0161 413 0930**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**Garforth Residential Homes Limited
(In Members' Voluntary Liquidation)**

Company Number: 02044279

Former Registered Office and Trading Address:

27 Church Lane, Garforth, Leeds LS25 1NW

**Joint Liquidators' Final Account
pursuant to Section 94(1) of the Insolvency Act 1986 (as amended)
and Rule 18.14 of the Insolvency (England and Wales) Rules 2016**

11 July 2023

**Leonard Curtis
Leonard Curtis House, Elms Square, Bury New Road, Whitefield
Greater Manchester M45 7TA
Tel: 0161 413 0930 Fax: 0161 413 0931
recovery@leonardcurtis.co.uk
Ref: K/40/GB/G905D/1010**

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TO ALL MEMBERS AND THE REGISTRAR OF COMPANIES

1 INTRODUCTION

- 1.1 Steve Markey and Sean Williams were appointed Joint Liquidators of Garforth Residential Homes Limited ("the Company") by the members on 3 January 2019.
- 1.2 Steve Markey and Sean Williams are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 14912 and 11270, respectively.
- 1.3 There has been no change in office holder since the date of Liquidation.
- 1.4 The Liquidation is now, for practical purposes, complete and this is the Joint Liquidators' Final Account as required by Section 94(1) of the Insolvency Act 1986 (as amended) and Rule 18.14 of the Insolvency (England and Wales) Rules 2016 ("the Rules"). It shows how the Liquidation has been conducted and the Company's property disposed of, the outcome for members and other information that the Joint Liquidators are required to disclose.
- 1.5 All figures are stated net of VAT.

2 CONDUCT OF THE LIQUIDATION

- 2.1 The Company's registered office was changed to Leonard Curtis House, Elms Square, Bury New Road, Whitefield, Greater Manchester M45 7TA on 29 January 2019.

Assets Realised

Cash at Bank

- 2.2 The cash at bank had an estimated to realise value of £2,194,117, as per the declaration of solvency. Following the payment of liabilities prior to the Liquidation, £2,028,160 has been received.

Bank Interest

- 2.3 Bank interest of £163 has been received.

Corporation Tax Refund

- 2.4 The corporation tax refund had an estimated to realise value of £99,437, as per the declaration of solvency. The corporation tax refund is in respect of S455 tax; HMRC finalised their investigation and it was concluded that £72,963 was due to the Company. £72,963 has been received.

HMRC Interest

- 2.5 HMRC interest of £1,126 accrued on the S455 refund has been received.

Book Debts

- 2.6 The Company's book debts had an estimated to realise value of £56,480, as per the declaration of solvency. £49,736 has been received; £6,744 was written off as unrealisable

Expenses to be Recharged

2.7 The expenses to be recharged had an estimated to realise value of £11,000, as per the declaration of solvency. It has been confirmed that most of this asset was realised after the date the declaration of solvency was made up to and prior to the Company being placed into Liquidation. £660 has been received during the Liquidation.

Deferred Consideration

2.8 The deferred consideration had an estimated to realise value of £482,000, as per the declaration of solvency, the value of which was provided by the accountant in the balance sheet dated 25 October 2018. Through liaising with the relevant parties, the Joint Liquidators entered into a deed agreement whereby the rights to the deferred consideration were distributed in specie to the shareholders on 26 February 2021.

Director’s Loan Account

2.9 The director’s loan account had an estimated to realise value of £319,169, as per the declaration of solvency, the value of which was derived from the Company’s balance sheet as at 25 October 2018. Following the Liquidation, the Company’s former accountant advised that the director’s loan account was overdrawn by £281,024; £281,024 has been received.

Unrealisable Assets

2.10 There are no unrealisable assets.

3 RECEIPTS AND PAYMENTS ACCOUNT

3.1 Attached at Appendix A is a summary of the Joint Liquidators’ receipts and payments for the whole of the Liquidation period to date, including details of all receipts and payments from 3 January 2019 to 11 July 2023.

4 PAYMENTS TO CREDITORS

4.1 As detailed in the declaration of solvency, liabilities were estimated to total £35,000.

4.2 A notice for creditors to submit claims was advertised on 15 January 2012.

4.3 A first and final dividend was declared on 7 May 2019.

4.4 Creditor claims of £2,328, £2,190 and £57,766 were paid in full, together with statutory interest of £17,928 on 7 May 2019 and 21 November 2022, respectively.

5 DISTRIBUTIONS TO MEMBERS

5.1 The Company’s share capital consists of 1,000 ordinary £1 and distributions to the members have been made as follows:

Date	Distribution	Type	£	£ / Share
22 January 2019	First Interim	Cash	1,999,992.50	1,999.99
18 June 2019	Second Interim	Cash	281,024.00	281.02
15 June 2020	Third Interim	Cash	10,900.00	10.90
26 February 2021	Fourth Interim	In Specie	482,000.00	482.00
23 March 2023	Fifth and Final	Cash	32,385.62	32.39
			2,806,302.12	2,806.30

6 JOINT LIQUIDATORS’ REMUNERATION, EXPENSES AND DISBURSEMENTS, AND MEMBERS’ RIGHTS

Remuneration

- 6.1 On 3 January 2019, the members resolved that the Joint Liquidators’ remuneration be payable as a set amount of £5,000.
- 6.2 The Joint Liquidators’ agreed fee of £5,000 has been paid.

Expenses and Disbursements

- 6.3 A summary of the Joint Liquidators’ expenses from 3 January 2019 to 11 July 2023 is attached at Appendix B. To assist members’ understanding of this information, it has been separated into the following two categories:
- *Standard Expenses:* this category includes expenses payable by virtue of the nature of the Liquidation process and / or payable in order to comply with legal or regulatory requirements.
 - *Case Specific Expenses:* this category includes expenses likely to be payable by the Joint Liquidators in carrying out their duties in dealing with issues arising in this particular Liquidation. Included within this category are costs that are directly referable to the Liquidation but are not paid to an independent third party (and which may include an element of allocated costs). These are known as ‘category 2 disbursements’ and they may not be drawn without creditor approval.
- 6.4 Authority to take category 2 disbursements was approved by members on 3 January 2019.
- 6.5 Attached at Appendix C is additional information in relation to the firm’s policy on staffing, the use of subcontractors, disbursements and details of current charge-out rates by staff grade. Please be aware that the firm’s charge out rates have been amended with effect from 1 March 2021.
- 6.6 During the Liquidation, the following professional advisors (“PA”) and / or subcontractors (“S”) have been instructed:

Name of Professional Advisor	PA / S	Service Provided	Basis of Fees
Garbutt & Elliot	PA	Assistance with the declaration of solvency	Fixed Fee - £5,080
Front Row Legal	PA	Debtor collection	Fixed Fee - £8,492

Garbutt & Elliot

- 6.7 Garbutt & Elliot were instructed to assist with the preparation of the declaration of solvency. Garbutt & Elliot were instructed due to their accountancy expertise and their prior knowledge of the Company’s finances. The Joint Liquidators believe that the fixed fee of £5,080 is fair and reasonable for the work that Garbutt & Elliot undertook.

Front Row Legal

- 6.8 Front Row Legal were instructed to assist debtor collection. Front Row Legal were instructed due to their expertise and experience in this area. The Joint Liquidators believe that the fixed fee of £8,492 is fair and reasonable for the work that Front Row Legal undertook.
- 6.9 You will note that the costs incurred in respect of the services provided are in line with those originally anticipated.
- 6.10 Further guidance may be found in “A Guide to Liquidators’ Fees” which is attached at Appendix D.

Members’ Rights

- 6.11 Information concerning the rights of members under Rules 18.9 and 18.34 of the Rules was provided to members within the Notice of Proposed Final Account dated 9 May 2023.

7 OTHER MATTERS

Data Protection

- 7.1 When submitting details of your claim in the Liquidation, you may disclose personal data to the Joint Liquidators. The processing of personal data is regulated in the UK by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. The Joint Liquidators act as Data Controller in respect of personal data obtained in relation to this Liquidation and are therefore responsible for complying with Data Protection Law in respect of any personal data processed. The Joint Liquidators’ privacy notice, which is attached at Appendix E, explains how your personal data is processed. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

- 7.2 The Joint Liquidators are bound by the Insolvency Code of Ethics, which can be found at:

<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

Yours faithfully



**STEVE MARKEY
JOINT LIQUIDATOR**

Steve Markey and Sean Williams are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 14912 and 11270, respectively

FINAL ACCOUNT OF JOINT LIQUIDATORS’ RECEIPTS AND PAYMENTS
FROM 3 JANUARY 2019 TO 11 JULY 2023

	Estimated to Realise	As at 2 January 2022	Movements During the Period	As at 11 July 2023
	£	£	£	£
RECEIPTS				
Cash at Bank	2,194,117	2,028,159.76	-	2,028,159.76
Deferred Consideration	482,000	482,000.00	-	482,000.00
Director's Loan Account	319,169	281,024.00	-	281,024.00
Corporation Tax Refund	99,437	72,963.33	-	72,963.33
Book Debts	56,480	49,735.95	-	49,735.95
Expenses to be Recharged	11,000	659.66	-	659.66
	3,162,203	2,914,542.70	-	2,914,542.70
HMRC Interest		1,126.43	-	1,126.43
Bank Interest		820.77	-	820.77
		2,916,489.90	-	2,916,489.90
PAYMENTS				
Joint Liquidators' Remuneration		7,000.00	150.97	7,150.97
Debt Collection Expenses		8,491.70	-	8,491.70
Accountancy Fee		5,080.00	-	5,080.00
Statutory Interest		17,928.13	-	17,928.13
AML Checks		15.00	-	15.00
Software Licence Fee		87.00	-	87.00
Bond Fee		425.00	-	425.00
Irrecoverable VAT		4,904.69	31.73	4,936.42
Corporation Tax		156.33	214.02	370.35
Statutory Advertising		249.07	-	249.07
Bank Charge		22.50	0.45	22.95
Postage Fees		25.28	7.68	32.96
Staff Mileage		30.00	-	30.00
Parking costs		10.00	-	10.00
Business Expenses		4,800.40	-	4,800.40
Tax Penalty		601.21	-	601.21
TOTAL COSTS AND CHARGES PAID		49,826.31	404.85	50,231.16

DISTRIBUTIONS

Trade and Expense Claims- 100p/£	2,327.69	-	2,327.69
HMRC Corporation Tax- 100p/£	55,438.57	-	55,438.57
HMRC PAYE and NIC- 100p/£	2,190.36	-	2,190.36
First Interim - £1,999.99/Share	1,999,992.50	-	1,999,992.50
Second Interim - £281.02/Share	281,024.00	-	281,024.00
Third Interim - £10.90/Share	10,900.00	-	10,900.00
Fourth Interim - £482/Share (In Specie)	482,000.00	-	482,000.00
Fifth and Final - £32.39/Share	-	32,385.62	32,385.62
	<u>2,833,873.12</u>	<u>32,385.62</u>	<u>2,866,258.74</u>
BALANCE	<u>32,790.47</u>	<u>(32,790.47)</u>	<u>-</u>

SUMMARY OF JOINT LIQUIDATORS' EXPENSES FROM 3 JANUARY 2019 TO 11 JULY 2023

Standard Expenses

Type	Charged by	Description	Total Amount Incurred to Date £	Amount Incurred in Period £	Amount Paid £	Amount Unpaid £
AML Checks	Business Tax Centre	Electronic client verification	15.00	-	15.00	-
Bond Fee	AUA Insolvency Risk	Insurance bond	425.00	-	425.00	-
Software Licence Fee	Pelstar	Case management system licence fee	87.00	-	87.00	-
Statutory Advertising	Courts Advertising	Advertising	249.07	-	249.07	-
		Total standard expenses	776.07	-	776.07	-

Case Specific Expenses

Type	Charged by	Description	Total Amount Incurred to Date £	Amount Incurred in Period £	Amount Paid £	Amount Unpaid £
Accountancy Fee	Garbutt & Elliot	Assistance with the declaration of solvency	5,080.00		5,080.00	-
Debt Collection Fee	Front Row Legal	Debt collection services	8,491.70	-	8,491.70	-
Statutory Interest	Creditor Claims	Statutory interest on creditor claims	17,928.13	-	17,928.13	-
Corporation Tax	HMRC	Corporation Tax on Bank Interest	370.35	214.02	370.35	-
Irrecoverable VAT	Leonard Curtis	Irrecoverable VAT	4,936.42	31.73	4,936.42	-
Postage Fees	Postworks	Cost of posting mail	32.96	7.68	32.96	-
Bank Charge	Allied Irish Bank	CHAPs Fee	22.95	0.45	22.95	-
Staff Mileage	Leonard Curtis Recovery	Category 2 disbursement requiring specific creditor/committee approval	30.00	-	30.00	-
Parking costs	Various	Parking costs	10.00	-	10.00	-
Business Expenses	David Hobman	Expenses incurred by the director for assistance with the Liquidation	4,800.40	-	4,800.40	-
Tax Penalty	HMRC	Penalties charged from investigation	601.21	-	601.21	-
		Total case specific expenses	42,304.12	253.88	42,304.12	-

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director 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. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by the appropriate body of creditors that the office holders’ remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to request and obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rates given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	6 Jan 2014 onwards		1 Aug 2019 onwards		1 March 2021 onwards	
	Standard £	Complex £	Standard £	Complex £	Standard £	Complex £
Director	450	562	525	656	550	688
Senior Manager	410	512	445	556	465	581
Manager 1	365	456	395	494	415	518
Manager 2	320	400	345	431	365	456
Administrator 1	260	325	280	350	295	369
Administrator 2	230	287	250	313	265	331
Administrator 3	210	262	230	288	245	306
Administrator 4	150	187	165	206	175	219
Support	0	0	0	0	0	0

In respect of assignments pre-dating 1 March 2022, office holders’ remuneration may include costs incurred by the firm’s in-house legal team, which may be used for non-contentious matters pertaining to the insolvency appointment.

Use of Associates

We are required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to Associates of Leonard Curtis (LC). The term “Associate” is defined in s435 of the Insolvency Act 1986, but we are also required to consider the substance or likely perception of any association between the appointed insolvency practitioner, their firm (LC) or an individual within the firm and the recipient of a payment. Payments to Associates are subject to the same level of approval as the office holder’s fees and category 2 expenses (see table on the next page for further details).

Leonard Curtis Legal Limited (LC Legal) are part of the Leonard Curtis group; as such they are an “Associate” of LC. Where LC Legal are instructed to assist an office-holder in a particular matter from 1 March 2022 onwards, details of their proposed costs will be provided to creditors and specific approval for payment will be sought.

Additionally, Pelstar Limited (Pelstar) provides insolvency case management software and document hosting facilities to LC. Until 31 December 2022, LC employed an individual who is married to a director of Pelstar, and as such, whilst not meeting the legal definition of “Associate”, we were aware that there was a perceived association between LC and Pelstar and specific approval of their costs were sought accordingly. As this individual is no longer employed by LC, this is no longer required and Pelstar costs invoiced with effect from 1 January 2023 will be paid without prior approval.

Use of 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 of 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.

Use of Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Categorisation of Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount																								
AML checks via Smartsearch	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per search Note that with effect from 1 April 2021, these costs are no longer recovered from the estate.																								
Bond / Bordereau fee via AUA Insolvency Services	Insurance bond to protect the insolvent entity against any losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches via Companies House	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting via Pelstar Limited	Hosting of documents via a secure portal for access by creditors/shareholders. Costs are charged per upload plus VAT and are generally dependent upon the number of creditors. The costs are commensurate with those charged by other providers of comparable services.	<table border="1"> <thead> <tr> <th>Type</th> <th>First 100</th> <th>Every addtl 10</th> </tr> </thead> <tbody> <tr> <td>ADM</td> <td>£14.00</td> <td>£1.40</td> </tr> <tr> <td>CVL</td> <td>£7.00</td> <td>£0.70</td> </tr> <tr> <td>MVL</td> <td>£7.00</td> <td>£0.70</td> </tr> <tr> <td>CPL</td> <td>£7.00</td> <td>£0.70</td> </tr> <tr> <td>CVA</td> <td>£10.00</td> <td>£1.00</td> </tr> <tr> <td>BKY</td> <td>£10.00</td> <td>£1.00</td> </tr> <tr> <td>IVA</td> <td colspan="2">£10 p.a. or £25 for life of case</td> </tr> </tbody> </table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
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BKY	£10.00	£1.00																								
IVA	£10 p.a. or £25 for life of case																									
Software Licence fee hosting via Pelstar Limited	Payable to software provider for use of case management system. The costs are commensurate with those charged by other providers of comparable services.	£87.00 plus VAT per case																								
Postage via Royal Mail or Postworks	Cost of posting documents which are directly attributable to a case to external recipients	Calculated in accordance with applicable supplier rates and dependent on the number of pages and whether the document is sent by international, first or second class post.																								
Post re-direction via Royal Mail	Redirection of post from Company's premises to office-holders' address	0-3 months £216.00 3-6 months £321.00 6-12 months £519.00																								
Statutory advertising via advertising agents	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£91.80 - £102.00 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders’ fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include but may not be restricted to:

Type	Description	Amount
Agents’ fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions. Where the solicitor appointed is LC Legal, any fee payable for work completed is classed as a payment to an associate and requires specific creditor / committee approval as detailed above.	Time costs plus disbursements plus VAT
Other expenses	See Category 1 and 2 expenses notes below	See Category 1 and 2 expenses notes below

Please note that expenses are generally categorised as Category 1 or Category 2:

- a) Category 1 expenses: These are payments to independent third parties providing the service to which the expense relate. These may include, for example, advertising, external room hire, storage costs, postage costs, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 expenses may be paid without prior approval.
- b) Category 2 expenses: These are costs that are directly referable to the appointment in question, but not paid to an independent third party. They may include costs which have an element of shared cost. The following items of expenditure are recharged on this basis and are charged at HMRC approved rates:

Business mileage	45p per mile
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Payments to Associates (as defined above) are categorised by LC in the same way as Category 2 expenses. Category 2 expenses and payments to Associates may only be drawn if they have been approved in the same manner as an office holder’s remuneration.

A GUIDE TO LIQUIDATORS’ FEES

1. Introduction

1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The members (shareholders), who hope to recover some of their investment, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as Liquidator.

1.2 The insolvency legislation recognises this interest by providing mechanisms for members to fix the basis of the Liquidator’s fees. This guide is intended to help members be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how members 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. A solvent voluntary liquidation is called a members’ voluntary liquidation (often abbreviated to ‘MVL’). In this type of liquidation an insolvency practitioner acts as Liquidator throughout and the members vote on the appointment of the Liquidator at a meeting of members or by passing written resolutions under the Companies Act 2006.

3. Fixing the Liquidator’s remuneration

3.1 The basis for fixing the Liquidator’s remuneration is set out in Rules 18.16, 18.17 and 18.19 of the Insolvency (England & Wales) Rules 2016. 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.

3.2 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.

3.3 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. 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.

3.4 If there is no liquidation committee, (which is usually the case in an MVL) or the committee does not make the requisite determination, the Liquidator’s remuneration will be fixed by a resolution of a meeting of members. The members 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. 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.

5. What information should be provided by the Liquidator?

When fixing bases of remuneration

5.1 The Liquidator should provide those responsible for approving the basis of remuneration sufficient information to enable the committee or the members to make an informed judgement about the reasonableness of the Liquidator’s request. The information should be presented in such a manner which is transparent, consistent throughout the life of the case, while being proportionate to the circumstances of the case.

Fees estimates where remuneration is based on time costs

5.2 If any part of the remuneration is sought on a time costs basis, the Liquidator should provide detailed information in the form of a written fees estimate which specifies:

- Details of the work the Liquidator and staff propose to undertake
- The hourly rates to be charged for each part of that work
- The time the Liquidator anticipates each part of the work will take

5.3 In addition, the Liquidator should provide an estimate of the expenses that will be or are likely to be incurred.

Other

General principles

5.4 When reporting, the Liquidator should disclose:

- Payments, remuneration and expenses arising from the Liquidation paid to the Liquidator or any 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

5.5 The Liquidator should inform members of their rights under insolvency legislation, and should advise them how they may access suitable information setting out their rights, within the first communication and in each subsequent Report.

5.6 Where the proposed charge is calculated on a time costs basis, the Liquidator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The Liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the Liquidator or his or her staff.

After the bases of remuneration have been fixed

5.7 The Liquidator is required to send progress reports to members at specified intervals (see paragraph 6.1 below). When reporting periodically to members, in addition to the matters specified in paragraph 6.1, the Liquidator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed.

5.8 Members should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the Liquidator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate).

5.9 Where any remuneration is on a time costs basis, the Liquidator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The Liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the Liquidator or his or her staff.

5.10 Where a fees estimate has been provided, remuneration cannot be drawn in excess of the fees estimate without the approval of the Liquidation committee, (if there is one) or more likely, the members themselves. The Liquidator should state:

- Why the estimate has been, or is likely to be exceeded
- The additional work required to be undertaken
- The hourly rates proposed to be charged for each part of the additional work
- The time the additional work has taken or is anticipated it will take

Expenses

5.11 Costs met by and reimbursed to the Liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 expenses: These are costs where there is specific expenditure directly referable both to the liquidation and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the Liquidator or his or her staff.
- Category 2 expenses: 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 can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

5.12 Category 1 expenses 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 expenses may be drawn if they have been approved in the same manner as the Liquidator's remuneration. When seeking approval, the Liquidator should explain, for each category of expense, the basis on which the charge is being made.

5.13 The following are not permissible:

- 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.

Realisations for secured creditors

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

6. Progress reports and requests for further information

6.1 The Liquidator is required to send annual progress reports to members. 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;
- details of progress during the period of the report, including a summary of the receipts and payments during the period;
- details of what remains to be done;
- a statement of the members' rights to request further information, as explained in paragraph 6.2, and their right to challenge the Liquidator's remuneration and expenses.

6.2 Within 21 days of receipt of a progress report, a member may request the Liquidator to provide further information about the remuneration and expenses set out in the report. Any request must be in writing.

6.3 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
- the Liquidator is subject to an obligation of confidentiality in relation to the information requested

6.4 Any member 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.

7. What if a member is dissatisfied?

7.1 Except in cases where there is a liquidation committee, it is the members 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 members' meeting. In order to do this at least ten per cent in value of the members must concur with the request, which must be made to the Liquidator in writing.

7.2 If a member 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.

8. What if the Liquidator is dissatisfied?

8.1 If the Liquidator considers that the remuneration fixed by the liquidation committee, or by the members is insufficient, or that the basis used to fix it is inappropriate, the Liquidator may apply to the court for the amount or rate to be increased or the basis changed.

8.2 If the Liquidator 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 shareholders 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.

9. Other matters relating to remuneration

9.1 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.

9.2 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 to a meeting of members.

9.3 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 members or the court.

9.4 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.

9.5 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.

10. Effective date

10.1 This guide applies where a company goes into liquidation on or after 6 April 2017.

**LEONARD CURTIS
PRIVACY NOTICE**

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation (“the GDPR”). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity’s liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, 5th Floor, Grove House, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS