

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

02238388

Name of Company

Stockfords Rainwater Systems Limited

I / We

Paul Boyle, 102 Sunlight House, Quay Street, Manchester, M3 3JZ

David Clements, 102 Sunlight House, Quay Street, Manchester, M3 3JZ

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 03/03/2016 to 02/03/2017

Signed



Date

26 April 2017

Harrisons Business Recovery and Insolvency Limited
2nd Floor
33 Blagrove Street
Reading
RG1 1PW

Ref: STOCK001/PRB/DC/TB/JM/TW

THURSDAY



A12 *A65R9CVM* #367
04/05/2017
COMPANIES HOUSE

Stockfords Rainwater Systems Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 03/03/2016 To 02/03/2017	From 03/03/2014 To 02/03/2017
	SECURED CREDITORS		
(29,532.65)	The Royal Bank of Scotland	NIL	NIL
		NIL	NIL
	HIRE PURCHASE		
8,600.00	Renault Master LM35	NIL	7,550.00
(8,852.00)	RCI FS Limited	NIL	(8,841.60)
		NIL	(1,291.60)
	ASSET REALISATIONS		
385.00	Plant & Machinery	NIL	515.00
900.00	Furniture & Equipment	NIL	485.00
10,800.00	Motor Vehicles	NIL	12,990.00
150.00	Stock	NIL	NIL
66,887.00	Book Debts	NIL	17,815.74
75,000.00	Retentions	NIL	48,521.76
	Cash at Bank	NIL	22.31
7,529.00	Cash in Hand	NIL	8,456.51
	Bank Interest Gross	2.65	29.35
		2.65	88,835.67
	COST OF REALISATIONS		
	Cat 1 Bordereau	NIL	330.00
	Statement of Affairs Fee	NIL	7,500.00
	Liquidators Remuneration	8,595.44	60,975.14
	Cat 1 Carriage Costs	NIL	54.24
	Employee Assistance	NIL	700.00
	Employment Consultants	NIL	748.90
	Cat 1 Search Costs	NIL	12.00
	Cat 1 Agents/Valuers Fees	NIL	4,083.75
	Cat 1 WardHaway Fees	NIL	11,175.74
	Corporation Tax	2.67	5.34
	Cat 2 Registered Office Fee	NIL	120.00
	Cat 2 Printing, Postage and Stationery	28.85	369.42
	Cat 2 Travel Expenses	NIL	174.40
	Cat 2 Storage Costs	384.00	974.96
	Cat 1 Statutory Advertising	NIL	165.66
		(9,010.96)	(87,389.55)
	PREFERENTIAL CREDITORS		
(16,107.00)	Employees Arrears of Pay & Holiday P	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(322,031.06)	Trade & Expense Creditors	NIL	NIL
(198,869.00)	Employees Notice Pay & Redundancy	NIL	NIL
(11,935.93)	Philip Stafford	NIL	NIL
(66,684.16)	HM Revenue & Customs - PAYE/NI	NIL	NIL
(6,003.67)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL

**Stockfords Rainwater Systems Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs	From 03/03/2016 To 02/03/2017	From 03/03/2014 To 02/03/2017
	NIL	NIL
(489,864.47)	(9,008.31)	154.52
REPRESENTED BY		
Bank 2 Current		154.52
		154.52

**Stockfords Rainwater
Systems Limited -
In Liquidation**

**Joint Liquidators' Annual Progress
Report to Members and Creditors
Pursuant to Section 104A of the
Insolvency Act 1986**

Stockfords Rainwater Systems Limited - In Liquidation

Joint Liquidators' Annual Progress Report

CONTENTS

- 1** Introduction and Statutory Information
- 2** Progress of the Liquidation
- 3** Creditors
- 4** Joint Liquidators' Remuneration
- 5** Creditors' Rights
- 6** Next Report

APPENDICES

- A** Receipts and Payments Account for the period from 3 March 2016 to 2 March 2017
- B** Cumulative Receipts and Payments Account for the period from the Joint Liquidators' Appointment on 3 March 2014 to 2 March 2017
- C** Time Analysis for the period from 3 March 2016 to 2 March 2017
- D** Cumulative Time Analysis for the period from the Joint Liquidators' Appointment on 3 March 2014 to 2 March 2017
- E** Additional Information in Relation to Joint Liquidators' Fees, Expenses and Disbursements

Stockfords Rainwater Systems Limited - In Liquidation

Joint Liquidators' Annual Progress Report

1 Introduction and Statutory Information

- 1.1 I Paul Boyle, together with my fellow director David Clements, of Harrison's Business Recovery and Insolvency Limited, 102 Sunlight House, Quay Street, Manchester M3 3JZ, was appointed as Joint Liquidator of Stockfords Rainwater Systems Limited ('the Company') on 3 March 2014. This progress report covers the period from 3 March 2016 to 2 March 2017 ('the Period') and should be read in conjunction with the previous progress reports which have been issued.
- 1.2 The principal trading address of the Company was Stockfords House, 4 Gillbent Road, Cheadle Hulme, Stockport, Cheshire SK8 6NB. The registered office of the Company has been changed to 102 Sunlight House, Quay Street, Manchester M3 3JZ and its registered number is 02238388.
- 1.3 The EC Regulation on Insolvency Proceedings 2000 applies to the Liquidation. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

2 Progress of the Liquidation

- 2.1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period from 3 March 2016 to 2 March 2017.
- 2.2 At Appendix A is my Receipts and Payments Account for the Period from 3 March 2016 to 2 March 2017 and attached at Appendix B is a cumulative Receipts and Payments Account for the period from the date of my appointment as Joint Liquidator on 3 March 2014 to 2 March 2017.

All funds are held in interest bearing bank accounts.

Administration (including statutory compliance and reporting)

- 2.3 An office holder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work I anticipated would need to be done in this area has been outlined to creditors in previous reports.
- 2.4 As advised in previous progress reports, statutory compliance and reporting work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Realisation of Assets

Asset Category

- 2.5 Motor Vehicles

As advised in previous progress reports, at the commencement of the liquidation the Company owned eight motor vehicles which had been valued in the total sum of £10800 if sold on a forced sale basis by JPS Chartered (Surveyors) Limited ('JPS'), professional valuers and agents.

Following the appointment of the Joint Liquidators, the motor vehicles were sold for the total sum of £12900 which was forwarded to the liquidation estate account.

The Company also owned a Renault Master registration number SH12 AHC which JPS estimated to have a forced sale value of £8600. After taking into account the hire purchase agreement with RCI FS Limited with the sum of £8852 outstanding, there was estimated to be no equity available and the vehicle was returned to the hire purchase company.

Stockfords Rainwater Systems Limited - In Liquidation

Joint Liquidators' Annual Progress Report

2.6 Plant and Machinery

As advised in previous progress reports, JPS estimated that the plant and machinery owned by the Company held a total value of £385 in a forced sale situation and subsequently sold these assets for the sum of £515 which was duly forwarded to the liquidation estate account.

2.7 Furniture and Equipment

As advised in previous progress reports, JPS estimated that the furniture and equipment owned by the Company held a total value of £900 in a forced sale situation and subsequently sold these assets for the sum of £485 which was duly forwarded to the liquidation estate account.

2.8 Stock

As advised in previous progress reports, JPS estimated that the stock owned by the Company held a total value of £150. It did not prove cost-effective to uplift and market the stock for sale so these assets were abandoned.

2.9 Book Debts

At the commencement of the liquidation, the book debts outstanding to the Company totalled £133774 and Director Philip Stafford advised that a provision for bad and doubtful debts of fifty percent should be applied for the purposes of the Statement of Affairs, thereby providing an estimated to realise value of £66887. This provision anticipated substantial contras being applied to the debtors' accounts due to the non-completion of contracts by the Company.

Book debt collections commenced following my appointment and the sum of £17815.74 has been realised. As initially anticipated, numerous debtors have disputed the amounts outstanding because of non-completion of works and defects. As advised in the previous progress report dated 25 April 2016, our solicitors Ward Hadaway have advised that they have exhausted all avenues of recovery and are unable to proceed without any further documentation or assistance from the Director.

There will therefore be no further recoveries in this regard.

2.10 Retentions

The Company is owed retention monies with a book value of £141230, of which the Director estimated that £75000 would be realisable. It was difficult to accurately forecast the amount that would be realised as the retention collections would be dependent upon the amount of additional work required to make good defects on any retention contracts.

Following my appointment, I instructed Ward Hadaway to commence collection of the outstanding sums and the amount of £48521.76 has been collected.

A number of retentions are disputed as a result of work defects and the Joint Liquidators are currently liaising with Ward Hadaway to determine whether it would be commercially viable to instigate recovery proceedings for certain outstanding retentions or whether all outstanding retentions should be written off. In any event, these disputed retentions total approximately £7000, this being less than five percent of the total book value of retentions.

Creditors will be advised of the position in this regard in future progress reports.

Stockfords Rainwater Systems Limited - In Liquidation

Joint Liquidators' Annual Progress Report

2.10 Cash at Bank

As advised in previous progress reports, the sum of £22.31 has been received from sundry payments made directly into the Company's bank account at Royal Bank of Scotland plc following the Joint Liquidators' appointment which do not relate to book debt or retention payments.

2.11 Cash in Hand

As advised in previous progress reports, the sum of £8456.51 was received in customer payments made prior to the appointment of the Joint Liquidators and has been realised for the benefit of the liquidation estate.

2.12 Other Assets

The sum of £29.35 has been received in bank interest on the monies held in the liquidation estate bank account.

Creditors (claims and distributions)

2.14 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. The Joint Liquidators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

2.15 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

2.16 The above work will not necessarily bring any financial benefit to creditors generally, however the Joint Liquidators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Joint Liquidators in dealing with those claims.

Investigations

2.17 You may recall from my first progress report to creditors that some of the work the Joint Liquidators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ('CDDA 1986') and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Liquidators can pursue for the benefit of creditors.

2.18 My report on the conduct of the Directors of the Company to the Department for Business, Energy and Industrial Strategy under the CDDA 1986 was submitted during the first year of the liquidation and is confidential.

2.19 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations might be appropriate. This assessment took into account information provided by creditors either at the Section 98 meeting or as a response to my request to complete an investigation questionnaire.

At the Section 98 meeting of creditors it had been decided that further investigation was required into the movements on the Director's Loan Account and potential recovery of any such amounts considered drawn in preference.

Joint Liquidators' Annual Progress Report

The movements on the Director's Loan Account provided by the Company showed that there had been cash payments to Director Philip Stafford totalling £47000 in the period from 1 April 2013 to 7 February 2014.

The Joint Liquidators therefore consider that these payments to the Director should be challenged as constituting either transactions at an undervalue or preferences pursuant to sections S239 and S240 of the Insolvency Act 1986.

It is the Joint Liquidators' intention to seek restitution from the Director for these payments for the benefit of the liquidation estate. Although the Joint Liquidators and Ward Hadaway have asked the Director to make proposals to settle this liability, a satisfactory response has not been received as at the date of this report.

Unless the Director makes acceptable proposals for the repayment of these funds within early course, it is the Joint Liquidators' intention to issue proceedings for the recovery of these amounts. Creditors shall be kept advised of my progress in this regard in future reports.

3 Creditors

Secured Creditors

- 3.1 Royal Bank of Scotland plc ('RBS') holds a fixed and floating charge over the Company's assets. At the date of the liquidation the indebtedness was estimated at £29532.65 and a proof of debt was submitted in the sum of £25869.96. RBS received payment in full from Director Philip Stafford under his personal guarantee on 28 July 2014.

The previous progress report issued by the Joint Liquidators dated 25 April 2016 advised that should there be sufficient funds available in the liquidation to enable a dividend declaration to secured creditors, then the Director would hold subrogated rights in respect of his settlement of the RBS liability and be entitled to repayment as a secured creditor.

Following recent legal advice in an unrelated matter, the Joint Liquidators no longer consider this to be the case and do not accept that the Director has subrogated rights.

In the event that there are sufficient asset realisations to enable a dividend, the Joint Liquidators will obtain a definitive, case-specific legal opinion upon whether the Director holds subrogated rights as a secured creditor.

As the Company granted a floating charge to RBS on 10 October 1992, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors as this only applies to charges created after 15 September 2003.

Preferential Creditors

- 3.2 Preferential creditors were estimated in the sum of £16107 for the purposes of the Company's Estimated Statement of Affairs as at 3 March 2014 and claims have been received in the total sum of £14648.74.
- 3.3 The likelihood of a distribution to preferential creditors is dependent on the level of future realisations including antecedent transactions, the costs of the proceedings and the legal decision upon whether Director Philip Stafford holds subrogated rights as a secured creditor as outlined at section 3.1 above.

Unsecured Creditors

- 3.4 I have received claims totalling £569801.53 from twenty-seven creditors. I have yet to receive claims from eight creditors whose debts total £23129.88 as per the Company's statement of affairs.

Joint Liquidators' Annual Progress Report

- 3.5 The likelihood of a distribution to unsecured creditors is dependent on the level of future realisations including antecedent transactions, the costs of the proceedings and the legal decision upon whether Director Philip Stafford holds subrogated rights as a secured creditor.

From the information available, however, it presently appears unlikely that once the costs of the proceedings and the potential secured creditor and accepted preferential creditors have been discharged there will be any funds available to enable a distribution to unsecured creditors. Creditors will be advised further of the position in the next progress report.

4 Joint Liquidators' Remuneration

- 4.1 Creditors approved that the basis of the Joint Liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Liquidation.

- 4.2 My time costs for the period from 3 March 2016 to 2 March 2017 are £11626.00. This represents 56.3 hours at an average rate of £206.50 per hour. Attached at Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period from 3 March 2016 to 2 March 2017 in respect of the costs fixed by reference to time properly spent in managing the Liquidation.

The majority of time costs incurred during the reporting period relate to the general administration of the case, including statutory reporting requirements, case reviews and correspondence with the Director. These time costs in the sum of £8304.50 constitute a total of 40.4 hours at an average hourly rate of £205.56 per hour.

Time totalling £1772.50 has been spent pursuing the retentions and book debts including liaising with Ward Hadaway and the Director. Further time costs of £853.00 have been incurred in investigating and pursuing the antecedent transactions from which the Director has benefitted and time costs of £696.00 have been incurred in communicating with creditors and dealing with creditor claims.

- 4.3 Also attached at Appendix D is a cumulative Time Analysis for the period from 3 March 2014 to 2 March 2017 which provides details of my time costs since appointment. The cumulative time costs incurred to date are £67234.70. This represents 317.22 hours at an average rate of £211.95 per hour. To date, £60975.14 plus disbursements of £1650.78 have been drawn on account.

- 4.4 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from <http://harrisons.uk.com/creditors-guide-fees>

- 4.5 Attached at Appendix E is additional information in relation to the Joint Liquidators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Creditors' Rights

- 5.1 Within twenty-one days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least five percent in value of the unsecured creditors) may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.

- 5.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least ten percent in value of the unsecured creditors) may within eight weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Liquidators, as set out in this progress report, are excessive.

Stockfords Rainwater Systems Limited - In Liquidation

Joint Liquidators' Annual Progress Report

6 Next Report

- 6.1 I am required to provide a further report on the progress of the Liquidation within two months of the next anniversary of the Liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors.



Paul Boyle
Joint Liquidator

26 April 2017

APPENDIX A

Receipts and Payments Account for the period from 3 March 2016 to 2 March 2017

Stockfords Rainwater Systems Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 03/03/2016 To 02/03/2017 £	From 03/03/2014 To 02/03/2017 £
	SECURED CREDITORS		
(29,532.65)	The Royal Bank of Scotland	NIL	NIL
		NIL	NIL
	HIRE PURCHASE		
8,600.00	Renault Master LM35	NIL	7,550.00
(8,852.00)	RCI FS Limited	NIL	(8,841.60)
		NIL	(1,291.60)
	ASSET REALISATIONS		
385.00	Plant & Machinery	NIL	515.00
900.00	Furniture & Equipment	NIL	485.00
10,800.00	Motor Vehicles	NIL	12,990.00
150.00	Stock	NIL	NIL
66,887.00	Book Debts	NIL	17,815.74
75,000.00	Retentions	NIL	48,521.76
	Cash at Bank	NIL	22.31
7,529.00	Cash in Hand	NIL	8,456.51
	Bank Interest Gross	2.65	29.35
		2.65	88,835.67
	COST OF REALISATIONS		
	Cat 1 Bordereau	NIL	330.00
	Statement of Affairs Fee	NIL	7,500.00
	Liquidators Remuneration	8,595.44	60,975.14
	Cat 1 Carriage Costs	NIL	54.24
	Employee Assistance	NIL	700.00
	Employment Consultants	NIL	748.90
	Cat 1 Search Costs	NIL	12.00
	Cat 1 Agents/Valuers Fees	NIL	4,083.75
	Cat 1 WardHaway Fees	NIL	11,175.74
	Corporation Tax	2.67	5.34
	Cat 2 Registered Office Fee	NIL	120.00
	Cat 2 Printing, Postage and Stationery	28.85	369.42
	Cat 2 Travel Expenses	NIL	174.40
	Cat 2 Storage Costs	384.00	974.96
	Cat 1 Statutory Advertising	NIL	165.66
		(9,010.96)	(87,389.55)
	PREFERENTIAL CREDITORS		
(16,107.00)	Employees Arrears of Pay & Holiday P	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(322,031.06)	Trade & Expense Creditors	NIL	NIL
(198,869.00)	Employees Notice Pay & Redundancy	NIL	NIL
(11,935.93)	Philip Stafford	NIL	NIL
(66,684.16)	HM Revenue & Customs - PAYE/NI	NIL	NIL
(6,003.67)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL

Stockfords Rainwater Systems Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 03/03/2016 To 02/03/2017 £	From 03/03/2014 To 02/03/2017 £
	NIL	NIL
(489,864.47)	(9,008.31)	154.52
REPRESENTED BY Bank 2 Current		154.52
		154.52

APPENDIX B

Cumulative Receipts and Payments Account for the period from 3 March 2014 to 2 March 2017

Stockfords Rainwater Systems Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 03/03/2014 To 02/03/2017 £	From 03/03/2014 To 02/03/2017 £
	SECURED CREDITORS		
(29,532.65)	The Royal Bank of Scotland	NIL	NIL
		NIL	NIL
	HIRE PURCHASE		
8,600.00	Renault Master LM35	7,550.00	7,550.00
(8,852.00)	RCI FS Limited	(8,841.60)	(8,841.60)
		(1,291.60)	(1,291.60)
	ASSET REALISATIONS		
385.00	Plant & Machinery	515.00	515.00
900.00	Furniture & Equipment	485.00	485.00
10,800.00	Motor Vehicles	12,990.00	12,990.00
150.00	Stock	NIL	NIL
66,887.00	Book Debts	17,815.74	17,815.74
75,000.00	Retentions	48,521.76	48,521.76
	Cash at Bank	22.31	22.31
7,529.00	Cash in Hand	8,456.51	8,456.51
	Bank Interest Gross	29.35	29.35
		88,835.67	88,835.67
	COST OF REALISATIONS		
	Cat 1 Bordereau	330.00	330.00
	Statement of Affairs Fee	7,500.00	7,500.00
	Liquidators Remuneration	60,975.14	60,975.14
	Cat 1 Carriage Costs	54.24	54.24
	Employee Assistance	700.00	700.00
	Employment Consultants	748.90	748.90
	Cat 1 Search Costs	12.00	12.00
	Cat 1 Agents/Valuers Fees	4,083.75	4,083.75
	Cat 1 WardHadaaway Fees	11,175.74	11,175.74
	Corporation Tax	5.34	5.34
	Cat 2 Registered Office Fee	120.00	120.00
	Cat 2 Printing, Postage and Stationery	369.42	369.42
	Cat 2 Travel Expenses	174.40	174.40
	Cat 2 Storage Costs	974.96	974.96
	Cat 1 Statutory Advertising	165.66	165.66
		(87,389.55)	(87,389.55)
	PREFERENTIAL CREDITORS		
(16,107.00)	Employees Arrears of Pay & Holiday P	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(322,031.06)	Trade & Expense Creditors	NIL	NIL
(198,869.00)	Employees Notice Pay & Redundancy	NIL	NIL
(11,935.93)	Philip Stafford	NIL	NIL
(66,684.16)	HM Revenue & Customs - PAYE/NI	NIL	NIL
(6,003.67)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL

Stockfords Rainwater Systems Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 03/03/2014 To 02/03/2017 £	From 03/03/2014 To 02/03/2017 £
	NIL	NIL
(489,864.47)	154.52	154.52
REPRESENTED BY Bank 2 Current		154.52
		154.52

Time Entry - Detailed SLP9 Time & Cost Summary

STOCK001 - Stockforde Rainwater Systems Limited
 From: 03/03/2016 To: 02/03/2017
 Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	0.00	0.00	0.50	0.00	0.50	105.00	210.00
104 Maintenance of records	0.00	0.00	0.00	0.40	0.40	84.00	210.00
105 Statutory reporting	1.20	1.10	5.80	0.00	8.10	1,855.50	229.07
106 Cashiering	0.00	0.00	0.00	5.10	5.10	714.00	140.00
107 Bordereau	0.00	0.00	0.00	0.90	0.90	179.00	198.89
108 Case Review / Diary	0.00	0.00	6.80	0.00	7.40	1,531.00	208.89
123 Appt Holder VAT and Tax Returns	0.00	0.00	1.00	0.60	1.60	255.00	159.38
135 Admin - IPS Diary Maintenance	0.00	0.00	0.30	0.00	0.30	75.00	250.00
138 Admin - Six Monthly Review	0.00	0.00	1.50	0.00	1.50	375.00	250.00
140 Admin - Post Year 1 BI-Annual Review	0.00	0.70	0.00	0.00	0.70	245.00	350.00
141 Admin - Case Specific Review	0.00	0.00	7.40	0.00	7.40	1,850.00	250.00
160 Admin - Appointment Holder CT800	0.00	0.00	0.50	0.00	0.50	125.00	250.00
184 Cashier - Client Account Reconciliations	0.00	0.00	0.00	1.80	1.80	224.00	140.00
186 Cashier - Receipts	0.00	0.00	0.00	0.80	0.80	112.00	140.00
187 Cashier - Payments	0.00	0.00	1.20	0.00	1.20	168.00	140.00
188 Cashier - VAT 423/427/833	0.20	0.00	0.00	1.80	1.80	308.00	171.67
198 Pensions - TPR Dealings	0.00	0.00	0.60	0.00	0.60	126.00	210.00
Administration & Planning	1.40	2.80	25.10	11.30	40.60	8,304.50	205.56
500 Creditors	0.00	0.00	0.40	0.00	0.40	84.00	210.00
501 Communication with creditors	0.00	0.00	2.20	0.00	2.20	412.00	187.27
508 Secured Creditors	0.00	0.00	0.70	0.00	0.70	137.00	195.71
519 Claims - HMRC	0.00	0.00	0.30	0.00	0.30	83.00	210.00
Creditors	0.00	0.00	3.60	0.00	3.60	696.00	193.33
203 Antecedent transactions	0.00	0.00	1.40	0.00	2.30	564.00	258.26
Investigations	0.00	0.00	1.40	0.00	2.30	564.00	258.26
300 Realisation of assets	0.00	0.00	4.60	0.00	4.60	901.00	195.87
303 Debt collection	0.00	0.00	4.50	0.00	4.50	871.50	193.87
310 Antecedent Investigations and Realisations	0.00	0.00	0.40	0.00	0.40	84.00	210.00
320 Overdrawn Director Loans	0.00	0.50	0.00	0.00	0.50	175.00	350.00
Realisations of Assets	0.00	0.50	9.50	0.00	10.00	2,031.50	203.15
Total Hours	1.40	4.00	38.00	11.30	56.30	11,826.00	208.50
Total Fees Claimed						60,875.14	

APPENDIX D

Cumulative Time Analysis for the period from 3 March 2014 to 2 March 2017

Time Entry - Detailed SIP9 Time & Cost Summary

STOCK001 - Stockfords Rainwater Systems Limited
From: 03/03/2014 To: 02/03/2017
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	0.80	0.20	15.15	0.00	15.95	3,080.25	191.87
102 Administrative set-up	0.00	0.00	1.50	0.00	1.50	282.50	175.00
103 Appointment notification	0.80	0.20	1.50	0.00	2.30	592.50	240.22
104 Maintenance of records	0.00	0.00	21.00	3.90	24.90	4,392.00	176.39
105 Statutory reporting	2.60	1.40	17.00	0.60	21.60	4,656.00	215.46
106 Cashiering	0.00	0.10	0.80	25.80	26.60	3,768.00	141.65
107 : Bordereau	0.00	0.00	1.80	0.00	1.80	345.50	191.94
108 : Case Review / Diary	4.70	1.50	20.30	0.00	26.50	6,096.00	230.11
109 : Dealing with Debtor / Directors	3.70	0.90	6.07	0.00	10.67	2,793.95	262.04
112 : Dealing with Existing Advisors	0.00	0.00	4.30	0.00	4.30	785.50	182.67
113 : Dealing with Directors	0.00	0.40	2.60	0.00	3.00	594.00	194.67
115 Insurance	0.00	0.00	0.30	0.00	0.30	55.50	185.00
120 : General Correspondence	0.00	3.30	0.00	0.00	3.30	632.50	252.27
123 : Appt Holder VAT and Tax Returns	0.30	0.00	3.00	3.40	6.70	1,116.50	166.64
125 Statutory meetings	0.00	2.50	2.50	0.00	5.00	1,062.50	212.50
136 Admin - IPS Diary Maintenance	0.00	0.00	0.30	0.00	0.30	75.00	250.00
138 Admin - Six Monthly Review	0.00	0.70	1.50	0.00	1.50	375.00	250.00
140 : Admin - Post Year 1 BI-Annual Review	0.00	0.00	0.70	0.00	0.70	245.00	350.00
141 : Admin - Case Specific Review	0.00	0.00	7.40	0.00	7.40	1,850.00	250.00
160 Admin - Appointment Holder C/T000	0.00	0.00	0.50	0.00	0.50	125.00	250.00
184 Cashier - Client Account Reconciliations	0.00	0.00	1.60	0.00	1.60	224.00	140.00
186 Cashier - Receipts	0.00	0.00	0.80	0.00	0.80	112.00	140.00
187 Cashier - Payments	0.00	0.00	1.20	1.20	1.20	166.00	140.00
188 Cashier - VAT 426427/833	0.20	0.00	0.00	1.60	1.80	306.00	171.67
198 Pensions - TPR Dealings	0.00	0.00	0.80	0.00	0.80	126.00	210.00
Administration & Planning	12.76	11.20	166.22	36.76	170.82	33,974.26	198.89
806 : Client Dealings/Communications	0.00	0.00	0.50	0.00	0.50	92.50	185.00
Case specific matters	0.00	0.00	0.50	0.00	0.50	92.50	185.00
500 Creditors	0.20	0.30	4.20	0.00	4.70	935.50	199.89
501 : Communication with creditors	0.00	0.10	8.80	0.00	8.90	1,635.50	183.76
502 Employee Claims	0.00	0.00	0.50	0.00	0.50	87.50	175.00
504 Claims Trade and Expense	0.00	1.20	0.00	0.00	1.20	300.00	250.00
508 : Secured Creditors	0.00	0.00	1.00	0.00	1.00	192.50	192.50
519 : Claims - HMRC	0.00	0.00	0.30	0.00	0.30	63.00	210.00
Creditors	0.20	1.60	14.80	0.00	16.60	3,216.00	193.86
200 Investigations	0.80	2.40	13.00	0.00	16.20	3,390.00	208.64
202 : CDDA reports	0.00	2.00	1.50	0.00	3.50	627.50	236.43
203 : Antecedent transactions	5.00	8.50	2.20	0.00	15.70	4,832.00	307.77
Investigations	5.80	12.90	16.70	0.00	35.40	8,036.50	255.35
300 Realisation of assets	0.40	4.90	45.70	4.30	55.30	10,456.50	188.14
302 : ROT	0.00	0.00	1.00	0.00	1.00	175.00	175.00

Time Entry - Detailed SIP9 Time & Cost Summary

STOCK001 - Stockfords Rainwater Systems Limited

From: 03/03/2014 To: 02/03/2017

Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
303 : Debt collection	14.00	1.70	19.80	0.60	36.10	9,777.00	270.83
304 : Sale of business and assets	0.60	0.00	0.00	0.00	0.60	240.00	400.00
310 : Antecedent Investigations and Realisations	0.00	0.00	0.40	0.00	0.40	84.00	210.00
320 : Overdrawn Director Loans	0.00	0.50	0.00	0.00	0.50	175.00	350.00
Realisations of Assets	15.00	7.10	60.30	4.60	83.90	20,910.00	222.89
Total Hours	33.70	32.80	207.12	43.60	317.22	87,234.70	211.95
Total Fees Claimed	90,975.14						

Appendix E

Additional Information in Relation to the Joint Liquidators' Fees, Expenses and Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

2 Professional Advisors

- 2.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
JPS Chartered Surveyors (valuation and disposal advice)	Hourly rate, percentage of realisations and disbursements
EK Employment Law (employee consultancy)	Hourly rate and disbursements
Ward Hadaway Solicitors (legal advice plus debt collection)	Fixed Fee and disbursements plus Percentage of realisations

- 2.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

3 Joint Liquidators' Expenses and Disbursements

Current position of Joint Liquidators' expenses

- 3.1 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

STOCKFORDS RAINWATER SYSTEMS LIMITED - IN LIQUIDATION

	Paid in prior periods £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Agents' costs	4083.75	Nil	Nil	4083.75
Solicitors' costs	11175.74	Nil	TBC	15000.00
Employee consultants	748.90	Nil	Nil	748.90
Employee assistance	700.00	Nil	Nil	700.00
Statutory advertising	165.66	Nil	Nil	282.16
Specific penalty bond	330.00	Nil	Nil	330.00
External storage of books & records	890.96	384.00	96.00	2126.96
Printing, postage and stationery	340.57	28.85	1.68	409.42
Registered office fee	120.00	Nil	60.00	300.00
Travel	174.40	Nil	Nil	174.40

Category 2 Disbursements

Type and purpose

Photocopying	15p per sheet
Letterhead	12p per sheet
Fax	40p per sheet
Mileage	65p per mile
Meeting Room	£50
Registered Office Fee	£60 per annum
Document Storage	Storage charge of £3 per box per quarter

- 3.2 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.
- 3.3 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidators' fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

4 Charge-Out Rates

- 4.1 Harrison's Business Recovery and Insolvency Limited's current charge-out rates effective from 1 July in each period are detailed below. Please note this firm records its time in minimum units of six minutes.

	2015/2016 £	2016/2017 £
Directors	305 – 550	305 – 550
Managers	250 – 350	250 – 350
Senior Case Supervisors	175 – 250	175 – 250
Case Supervisors	125 – 205	125 – 205
Assistants/Trainee Case Supervisors	100 – 150	100 – 150

Harrisons Business Recovery and Insolvency Limited Fee Policy

1. Charge out rates and policy regarding staff allocation, support staff, the use of subcontractors and the recharge of disbursements.

The following information relating to the policy of Harrisons Business Recovery and Insolvency Limited is considered to be relevant: -

2. Charge out rates

The following hourly charge out rates apply to all assignments undertaken by Harrisons Business Recovery and Insolvency Limited. Please note that the charge-out rates are effective from 1 July in each period:-

	2015/2016	2016/2017
	£	£
Directors	305 – 550	305 – 550
Managers	250 – 350	250 – 350
Senior Case Supervisors	175 – 250	175 – 250
Case Supervisors	125 – 205	125 – 205
Assistants/Trainee Case Supervisors	100 – 150	100 – 150

Please note that Harrisons Business Recovery and Insolvency Limited records its time in minimum units of 6 minutes.

Creditors Guide to Fees can be accessed at www.icaew.co.uk/en/technical/insolvency/creditor-guides or www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees

3. Staff allocation, support staff & the use of subcontractors

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 charged. Details of any subcontractor(s) used are given in the attached report.

4. Professional advisors

Details of any professional advisor(s) used are given in the attached report. Unless otherwise indicated the fee arrangement for each will be 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 will be 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 geographical location.

5. Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursements". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses. Included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose 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 us) they must be disclosed and be authorised by those responsible for approving the insolvency practitioners' remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:-

Photocopying	15p a sheet
Letterhead	12p a sheet
Fax	40p a sheet
Mileage	65p per mile
Meeting Room	£50
Registered Office Fee	£60 per annum
Document Storage	Storage charge of £3 per box per quarter

A CREDITORS' GUIDE TO LIQUIDATORS' FEES

ENGLAND AND WALES

1 Introduction

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

2 Liquidation procedure

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

3 The liquidation committee

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

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

4 Fixing the liquidator's remuneration

4.1 Basis

The basis for fixing the liquidator's remuneration is set out in Rules 4.127 – 4.127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed:

- as a percentage of the value of the assets which are realised or distributed or both,
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation, or
- as a set amount.

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the liquidator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the liquidator.

4.2 Advance information where remuneration not based on time costs

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

4.3 Fees estimates where remuneration to be based on time costs

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

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

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

4.4 Who fixes the remuneration

It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied. Rule 4.127 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;

- the value and nature of the assets which the liquidator has to deal with.

- 4.5 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of the creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator.
- 4.6 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.
- 4.7 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below).

5. Review of remuneration

Where there has been a material and substantial change in circumstances since the basis of the liquidator's remuneration was fixed, the liquidator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 What information should be provided by the liquidator?

6.1 General principles

- 6.1.1 The liquidator should provide those responsible for approving his remuneration with sufficient information to enable them to make an informed judgement about the reasonableness of the liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to creditors, while being proportionate to the circumstances of the case.
- 6.1.2 The liquidator should disclose:
- payments, remuneration and expenses arising from the administration paid to the liquidator or his or her associates;
 - any business or personal relationships with parties responsible for approving the liquidator's remuneration or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.

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

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

6.2 Key issues

- 6.2.1 The key issues of concern to those with a financial interest in the level of payments from the insolvency estate will commonly be:
- the work the liquidator anticipates will be done, and why that work is necessary;

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

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

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

6.3 Fee estimates and subsequent reports

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

6.4 Disbursements

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

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

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

- 6.4.2 The following are not permissible as disbursements:

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

6.5 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 11.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

7. Exceeding the amount set out in the fees estimate

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

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

8. Progress reports and requests for further information

8.1 The liquidator is required to send annual progress reports to creditors. The reports must include:

- details of the basis fixed for the remuneration of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period;
- where appropriate, a statement –
 - that the remuneration anticipated to be charged is likely to exceed the fees estimate or any approval given for remuneration exceeding the estimate;
 - that expenses incurred or anticipated to be incurred are likely to exceed, or have exceeded, the details given to the creditors prior to the determination of the basis of remuneration; and
 - the reason for that excess.
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the liquidator's remuneration and expenses.

8.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the

concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The liquidator must provide the requested information within 14 days, unless he considers that:

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- the liquidator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the liquidator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9. Provision of Information – additional requirements

The liquidator must provide certain information about the time spent on the case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the liquidator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office.

10 What if a creditor is dissatisfied?

10.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing

10.2 If a creditor believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10.3 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing.

- 10.4 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.

11. What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the liquidation committee, or in the preceding administration, is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the liquidation committee, the creditors, in the preceding administration or in accordance with the statutory scale is insufficient, or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets.

12 Other matters relating to remuneration

- 12.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.
- 12.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.
- 12.3 If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.
- 12.4 If a new liquidator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new liquidator until a further determination, resolution or court order is made.
- 12.5 Where the basis of the remuneration is a set amount, and the liquidator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing liquidator. The application must be made to the same body as approved the remuneration. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.
- 12.6 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

Appendix

Suggested format for the provision of information

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

Narrative overview of the case

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

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

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

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

Time cost basis

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

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

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

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

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

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

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

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

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