

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

For further information, please refer to our guidance at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 3 1 8 5 0 9 6

Company name in full Wright Style Limited

→ Filling in this form  
Please complete in typescript or in bold black capitals.

### 2 Liquidator's name

Full forename(s) Paul Adam

Surname Weber FCA FCCA MIPA FABRP

### 3 Liquidator's address

Building name/number Maple House

Street High Street

Post town Potters Bar

County/Region Herts

Postcode E N 6 5 B S

Country

### 4 Liquidator's name ①

Full forename(s) Martin Henry

Surname Linton FCA FABRP MIPA

① Other liquidator  
Use this section to tell us about another liquidator.

### 5 Liquidator's address ②

Building name/number Maple House

Street High Street

Post town Potters Bar

County/Region Herts

Postcode E N 6 5 B S

Country

② Other liquidator  
Use this section to tell us about another liquidator.

# LIQ03

## Notice of progress report in voluntary winding up

### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
To date	<sup>d</sup> 0	<sup>d</sup> 7	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 4

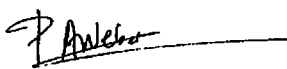
### 7 Progress report

The progress report is attached

### 8 Sign and date

Liquidator's signature

Signature

X  Mr. Linto X

Signature date

<sup>d</sup> 2	<sup>d</sup> 6	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 4
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# LIQ03

## Notice of progress report in voluntary winding up



### 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 **Paul Weber FCA FCCA MIPA FABRP**

Company name **Leigh Adams Limited**

Address  
**Maple House  
High Street**

Post town **Potters Bar**

County/Region **Herts**

Postcode **E N 6 5 B S**

Country

DX

Telephone **020 8446-2433**



### 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

# Continuation page

## Name and address of insolvency practitioner

✓ **What this form is for**  
 Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①  
 Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
 You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
 Please complete in typescript or in bold black capitals.  
 All fields are mandatory unless specified or indicated by \*

### 1 Appointment type

Tick to show the nature of the appointment:

- Administrator
- Administrative receiver
- Receiver
- Manager
- Nominee
- Supervisor
- Liquidator
- Provisional liquidator

① You can use this continuation page with the following forms:  
 - VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
 - CVA1, CVA3, CVA4  
 - AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
 - REC1, REC2, REC3  
 - LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,  
 - WU07, WU15  
 - COM1, COM2, COM3, COM4  
 - NDISC

### 2 Insolvency practitioner's name

Full forename(s) **Paul**

Surname **Stanley**

### 3 Insolvency practitioner's address

Building name/number **340 Deansgate**

Street

Post town **Manchester**

County/Region

Postcode **M 3 4 L Y**

Country



**LEIGH ADAMS**  
CHARTERED ACCOUNTANTS &  
LICENSED INSOLVENCY PRACTITIONERS IN THE UK

Maple House, High Street, Potters Bar, Herts, EN6 5BS  
T: 020 8446 2433 F: 020 8445 7351  
E: [mail@leighadams.co.uk](mailto:mail@leighadams.co.uk)  
[www.leighadams.co.uk](http://www.leighadams.co.uk)

**PRIVATE AND CONFIDENTIAL  
TO ALL KNOWN MEMBERS AND CREDITORS**

Our Ref: PAW/ZD/W2252/S

26<sup>th</sup> March 2024

Dear Sir/Madam

**WRIGHT STYLE LIMITED ("THE COMPANY") – IN CREDITORS' VOLUNTARY LIQUIDATION**

As you are aware Martin Linton FCA FABRP MIPA and I have been appointed Joint Liquidators of the Company. My report to members and creditors following the 2<sup>nd</sup> anniversary of my appointment as Joint Liquidator is attached. This report should be read in conjunction with my previous progress report.

If members or creditors have any queries regarding this report or the conduct of the Liquidation in general, they should contact Zuzana Drengubiakova by email [zuzana@leighadams.co.uk](mailto:zuzana@leighadams.co.uk).

Yours faithfully

**PAUL WEBER FCA FCCA MIPA FABRP**  
Joint Liquidator

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Leigh Adams Limited (trading as Leigh Adams) registered in England and Wales (Company No. 9035654) and is regulated by the Institute of Chartered Accountants in England and Wales. For information about the privacy policy of Leigh Adams Limited and how we process personal data please visit <https://www.leighadams.co.uk/privacy-notice>



The Principals of this practice are licensed as Insolvency Practitioners by the Institute of Chartered Accountants in England & Wales.



Directors:  
Martin Linton FCA FABRP MIPA  
Paul Weber FCA FCCA MIPA FABRP

**WRIGHT STYLE LIMITED – IN CREDITORS' VOLUNTARY LIQUIDATION  
JOINT LIQUIDATORS' SECOND ANNUAL PROGRESS REPORT TO CREDITORS AND MEMBERS  
FOR THE YEAR ENDING 7<sup>th</sup> MARCH 2024**

**EXECUTIVE SUMMARY**

During the year I have realized an insurance refund of £82.18. I confirm that will be insufficient to pay a dividend to creditors after taking account the costs and expenses of the Liquidation.

**STATUTORY INFORMATION**

Company name:	Wright Style Limited
Registration number:	03185096
Principal Trading Address:	Unit 2,4,5 & 7 Banda Industrial Estate, Nursteed Road, Devizes SN10 3DY
Registered Office:	Maple House, High Street, Potters Bar, Hertfordshire EN6 5BS
Principal trading activity:	Architectural Facades Manufacturer
Joint Liquidators' names and address:	Paul Weber FCA FCCA MIPA FABRP and Martin Linton FCA FABRP MIPA of Leigh Adams Limited, Maple House, High Street, Potters Bar, Hertfordshire EN6 5BS  Paul Stanley of Begbies Traynor, 340 Deansgate, Manchester M3 4LY
Joint Liquidators' contact details:	<a href="mailto:paul@leighadams.co.uk">paul@leighadams.co.uk</a> , <a href="mailto:martin@leighadams.co.uk">martin@leighadams.co.uk</a> 020-8446-2433., <a href="mailto:paul.stanley@btguk.com">paul.stanley@btguk.com</a>
Date of appointment:	8 <sup>th</sup> March 2022
Actions of Joint Liquidators'	Any act required or authorised under any enactment to be done by a Joint Liquidator may be done by either or both of the Joint Liquidators acting jointly or alone.

**JOINT LIQUIDATORS' ACTIONS SINCE LAST REPORT**

I would refer you to my Executive Summary as to the work done during the period.

There is certain work that I am required by the insolvency legislation to undertake work in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since last report is contained in Appendix 1.

**RECEIPTS AND PAYMENTS ACCOUNT**

My Receipts & Payments Account for the period from 8<sup>th</sup> March 2023 to 7<sup>th</sup> March 2024 is attached. All amounts are shown net of VAT. I have reconciled the account against the financial records that I am required to maintain. The balance of funds is held in a non-interest-bearing estate bank account.

**ASSETS**

**Insurance Refund - £82.18**

This was received from TEN Insurance Services on 9 August 2023.

## JOINT LIQUIDATORS' REMUNERATION

I wrote to the creditors on 13<sup>th</sup> April 2023 to authorise my remuneration on a fixed fee basis of £32,000 plus VAT. This was approved by creditors on 3<sup>rd</sup> May 2023.

I have applied for VAT receivable on 5<sup>th</sup> February 2024. This has not been received.

The total remuneration drawn was £30,578.12 which was as follows: -

I paid my Joint Liquidator Begbies Traynor Central LLP a sum of £15,901.42 plus VAT on 15 January 2024.

I drew a sum of £14,676.70 plus VAT towards my expenses in respect of work done on 15 January 2024.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at [www.leighadams.co.uk/Resources/Usefullinks](http://www.leighadams.co.uk/Resources/Usefullinks). There are different versions of these Guidance Notes, and in this case please refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which is enclosed.

## JOINT LIQUIDATORS' EXPENSES

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

### Category 1 expenses

I have incurred the following expenses in the period since the commencement of the Liquidation: -

<b>Nature of category 1 expense</b>	<b>Amount incurred/ accrued in reporting period</b>	<b>Amount incurred/ accrued in total</b>	<b>Amount unpaid</b>
Stationery advertising	£00.00	£332.52	£00.00
Bordereau	£00.00	£586.00	<u>£00.00</u>
Postage	<u>£168.70</u>	<u>£318.20</u>	<u>£00.00</u>
Total	£168.70	£1,236.72	£00.00

I have paid category 1 expenses to date. The firm does not charge Category 2 expenses.

I have used the following agent or professional advisors in the reporting period: -

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Fee Arrangement</b>
HCR Legal LLP	Legal advice re a surrender of the lease	Fixed Fee

A further sum of £350 plus VAT has been paid to HCR Legal LLP who assisted me in dealing with the deed of surrender in respect of the lease on 18<sup>th</sup> April 2023.

My choice of professional advisors was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also confirmed that they hold appropriate regulatory authorisations. I consider that the basis on which they will charge their fees represents value for money.

## **LIABILITIES**

### Secured creditors

There are provisions of the insolvency legislation that require Company to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property" ("prescribed part"). A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. Any costs of the that are payable before the Joint Liquidator has reached a position to make a distribution to the floating charge holder have to be deducted from floating charge realisations before arriving at an amount for the "net property" of the Company. As a result, the costs associated with realising floating charge assets, paying preferential claims in full, the general costs of winding up and the costs of confirming the validity of the floating charge will have to be deducted before the "net property" is calculated. The "prescribed part" that the Joint Liquidators then has to set aside for unsecured creditors is:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property

up to a maximum of £600,000.

As the floating charges was registered after 15 September 2003, I will be required to make a prescribed part of the Company's net property available to the unsecured creditors. The information known to me at present indicates that the net property of the Company is £33,760, such that the prescribed part of the net property for unsecured creditors is £9,752. However, this does not take into account the costs of the Liquidator, which will reduce the amount of the Company's net property and of the prescribed part indicated above. In view of the anticipated costs of the then it is likely that the net property of the Company will end up being less than £10,000. If that is the case, then it is likely that I will decide not to make a distribution of the prescribed part of the net property to the unsecured creditors on the basis that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors given the number of creditors of the Company and the extent of the Company's debt.

### Preferential Creditors

#### Employees claims

Statement of Affairs ("SOA") value: £14,003.07

Amount claimed – £9,661.62

The Statement of Affairs included £14,003.07 owed to the preferential creditors in respect of ex-employees' claims. A preferential claim of £9,661.62 was received on 12 July 2022 from the Redundancy Payments Office ("RPO") representing payments made under the Employment Rights 1996.

#### HMRC – PAYE/NI

Statement of Affairs ("SOA") value: £10,768

Amount claimed – Nil

#### HMRC - VAT

Statement of Affairs ("SOA") value: £16,959

Amount claimed – Nil



The statement of affairs anticipated at a total £27,737 owed to HMRC in respect of secondary preferential debts as shown above. No claims have been received.

#### Crown Creditors

The company has 2 crown secondary preferential creditors as outlined above.

#### Non-preferential unsecured Creditors

The statement of affairs included 48 non-preferential unsecured creditors with an estimated total liability of £141,906.16. I have received claims from 19 creditors at a total of £78,470.35. I have not received claims from 29 creditors with original estimated claims in the Statement of Affairs of £70,595.66.

The Statement of Affairs included 2 finance companies with an estimated total liability of £256,680.86. I have received a claim from 1 finance company of £250,937.50. I have not received a claim from 1 finance company with original estimated claim in the statement of affairs of £5,743.36.

The Statement of Affairs also included £50,107.31 owed to HSBC UK Bank Plc in respect of Bounce back loan. No claim has been received.

The Statement of Affairs included £135,391.91 owed to the ex-employees in respect of ex-employees' claims. A non-preferential claim of £115,804.59 was received on 12 July 2022 from the Redundancy Payments Office ("RPO") representing payments made under the Employment Rights 1996.

The Statement of Affairs included £11,722 owed to H M Revenue & Customs in respect of Corporation Tax liability. No claim has been received.

#### **DIVIDEND PROSPECTS**

A dividend will not be declared to unsecured creditors as the funds realised have been used to make payments to meet the expenses of the Liquidation.

#### **FURTHER INFORMATION**

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Liquidators' remuneration and expenses within 21 days of their receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Joint Liquidators as being excessive, and/or the basis of the Joint Liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Leigh Adams Limited, including about our complaints policy and Professional Indemnity Insurance, can be found at <https://www.leighadams.co.uk/provision-of-services>.

#### **SUMMARY**

The liquidation will remain open until the VAT receivable has been received. The Liquidation will be then finalised, and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Zuzana Drengubiakova by email at [zuzana@leighadams.co.uk](mailto:zuzana@leighadams.co.uk).

## Appendix no.1

### 1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Obtaining a specific penalty bond.
- Dealing with all routine correspondence and emails relating to the case.
- Seeking a decision from creditors on the basis of the office holder's remuneration.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case-by-case administrators.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Preparing, reviewing and issuing annual progress report to creditors and members.

### 2. Creditors

Claims of creditors - the office holder needed to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports could be issued to the creditors. The office holder also needed to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they were received. The office holder was required to undertake this work as part of his statutory functions.

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

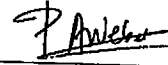
### 3. Realisation of assets

This represents the work involved in the protection and realisation of assets, which is undertaken directly for the benefit of creditors.

- Insurance Refund.

**Wright Style Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 08/03/2023 To 07/03/2024 £	From 08/03/2022 To 07/03/2024 £
	<b>GENERAL FIXED CHARGE</b>	
15,953.91	Book Debts	NIL
(15,953.51)	HSBC Invoice Finance UK Ltd	NIL
		NIL
	<b>PLANT &amp; MACHINERY</b>	
7,500.00	Plant and Machinery	NIL
(8,492.55)	Investec Asset Finance	NIL
		NIL
	<b>ASSET REALISATIONS</b>	
	Cash at Bank	NIL
100.00	Fixtures and fittings	1,092.48
	Insurance Refund	NIL
	IP and Domain name	82.18
	Office equipment	7,000.00
100.00	Plant & Machinery	NIL
67,300.00	Stock	32,220.00
8,000.00	Test report certification	8,000.00
		NIL
		9,143.00
		<u>57,537.66</u>
	<b>COST OF REALISATIONS</b>	
	Agents/Valuers Fees (1)	NIL
	ERA Fees	14,446.74
	Legal Fees (1)	930.36
	Liquidators Fees	350.00
	Preparation of S. of A.	30,578.12
	Specific Bond	NIL
	Stationery & Postage	7,500.00
	Statutory Advertising	586.00
		318.20
		332.52
		<u>(32,164.84)</u>
		<u>(56,306.94)</u>
	<b>PREFERENTIAL CREDITORS</b>	
(14,003.07)	Employees - (12)	NIL
(10,768.00)	H M Revenue & Customs - PAYE/NI	NIL
(16,969.00)	H M Revenue & Customs - VAT	NIL
		NIL
	<b>FLOATING CHARGE CREDITORS</b>	
(199,334.53)	HSBC Bank plc	NIL
		NIL
	<b>UNSECURED CREDITORS</b>	
(135,391.91)	Employees - (12)	NIL
(256,680.86)	Finance Companies	NIL
(11,722.00)	H M Revenue & Customs - Corporatio	NIL
(50,107.31)	HSBC UK Bank Plc	NIL
(141,906.16)	Trade & Expense Creditors	NIL
		NIL
	<b>DISTRIBUTIONS</b>	
(40,100.00)	Ordinary Shareholders	NIL
		NIL
<b>(802,474.99)</b>		<b>(32,082.66)</b>
	<b>REPRESENTED BY</b>	
	Vat Control Account	1,230.72
		<u>1,230.72</u>



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Paul Weber FCA FCCA MIPA FABRP  
Joint Liquidator

## PRACTICE FEE RECOVERY POLICY FOR LEIGH ADAMS LIMITED WITH CHARGE OUT RATES

### Introduction

This sheet explains the alternative fee bases allowed by the insolvency legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court. The report accompanying the request to fix the basis of remuneration will indicate the basis, or bases, being requested in that particular case and will make it clear what work is to be undertaken in respect of each basis.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>. There are different versions of these Guidance Notes, and in this case please refer to the most recent version.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Case Administration (including statutory reporting).
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading
- Case specific matters.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6-minute units with supporting narrative to explain the work undertaken.

### Charge out Rates

Grade of staff	Current charge-out rate per hour, effective from 01/01/2024	Previous charge-out rate per hour, effective from 01/01/2023
	£	£
Partner – appointment taker	685	650
Senior Manager	350	330
Manager	290	275
Administrator	200	190
Support	142	135

These charge-out rates charged are reviewed in January each year and are adjusted to take account of inflation and the firm's overheads.

When we seek time costs approval, we have to set out fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets, but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis, then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Direct Costs**

Where we seek approval on a percentage and/or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Case Administration (including statutory reporting) – staff costs.
- Realisation of Assets – staff costs.
- Investigations – staff costs.
- Creditors (claims and distributions) – staff costs.
- Trading – staff costs.

### **Mixed basis**

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

### **Members' voluntary liquidations and Voluntary Arrangements**

The legislation is different for members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) and Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All fee bases**



With the exception of IVAs and CVAs, which are usually VAT exempt, the office holder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

## **Expenses**

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. . Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and Company search fees.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.

The practice does not propose to recover any Category 2 expenses that include an element of shared costs.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists;
- Employment Claims specialists; and
- GDPR/Cyber Security specialists.

## **Reporting and rights to challenge**

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration, and indicate whether the fees estimate is likely to be exceeded. If the

fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and/or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and/or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under rule 18.9 of the Insolvency (England and Wales) Rules 2006, an unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under rule 18.34, an unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

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