

LIQ03

Notice of progress report in voluntary winding up



TUESDAY



A8YK6V4Y

A03

11/02/2020


#205

COMPANIES HOUSE

1	Company details		Filing in this form Please complete in typescript or in bold black capitals.
Company number	0 5 5 2 3 0 0 1		
Company name in full	NORTHERN PLASTICS LIMITED		
2	Liquidator's name		
Full forename(s)	DAVID SIMON MATTHEW		
Surname	EDWARDS		
3	Liquidator's address		
Building name/number	5-7 GROSVENOR COURT		
Street	FOREGATE STREET		
Post town	CHESTER		
County/Region	CHESHIRE		
Postcode	C H 1 1 H G		
Country	UNITED KINGDOM		
4	Liquidator's name ¹		
Full forename(s)			1 Other liquidator Use this section to tell us about another liquidator.
Surname			
5	Liquidator's address ²		
Building name/number			2 Other liquidator Use this section to tell us about another liquidator.
Street			
Post town			
County/Region			
Postcode			
Country			

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report															
From date	d	1	d	7	m	1	m	2	y	2	y	0	y	1	y	8
To date	d	1	d	6	m	1	m	2	y	2	y	0	y	1	y	9
7	Progress report															
<input checked="" type="checkbox"/> The progress report is attached																
8	Sign and date															
Liquidator's signature	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="border: 1px solid black; padding: 2px;">Signature</div> <div style="font-size: 2em;">×</div> </div> <div style="flex-grow: 1; text-align: center;">  </div> <div style="margin-left: 10px;"> <div style="font-size: 2em;">×</div> </div> </div>															
Signature date	d	0	d	7	m	0	m	2	y	2	y	0	y	2	y	0

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
AMY SPREYER

Company name
Aaron & Partners LLP

Address
5-7 Grosvenor Court

Foregate Street

Chester

Post town

County/Region

Postcode
C H 1 1 H G

Country

DX
DX 19990 Chester

Telephone
01244 405 555

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

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

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

Further information

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

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

Liquidators' Progress Report

Pursuant to section 104A Insolvency Act 1986

And Rule 18.3 of Insolvency Rules 2016

NORTHERN PLASTICS LIMITED

IN CREDITORS' VOLUNTARY LIQUIDATION

Company number: 05523001

This Report has been prepared for the sole purpose of advising creditors. The Report is private and confidential and may not be relied upon, referred to, reproduced quoted from, in whole or in part, by Members or Creditors for any purpose other than advising them, or any other person for any purpose whatsoever. The Liquidator acts as an agent of the Company without personal liability.

ANNUAL PROGRESS REPORT
NORTHERN PLASTICS LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION

Content

- Executive Summary
- Administration and Planning
- Enquiries and Investigations
- Realisation of Assets
- Trading
- Creditors
- Fees and Expenses
- Creditors' Rights
- EU Regulations
- Conclusion

Appendices

- Appendix I. Statutory Information
- Appendix II. Receipts & Payments account for the period 17/12/2018 to 16/12/2019
- Appendix III. List of work undertaken in the period
- Appendix IV. Time costs summary for period 17/12/2018 to 16/12/2019
- Appendix V. Cumulative time costs summary from commencement to 16/12/2019

EXECUTIVE SUMMARY

A summary of key information in this report is below.

Principal Assets

Asset	Estimated to realise per Statement of Affairs	Realisation in the prior Administration	Realisations to date in the Liquidation	Anticipated future realisations in the Liquidation
Goodwill	24,000	24,000	0	0
Equipment etc	10,000	10,000	0	0
Stock & WIP	24,000	23,994	0	0
Book debts	120,000	120,001	0	0
Bank accounts	0	11,355	0	0
Other (see report)	0		4,667.41	0

Expenses

Expense	Expenses incurred to date in the Liquidation	Anticipated further expense to closure	Total anticipated expense
Liquidator's fees & WIP	13,224.50	1,500.00	14,724.50
Corporation tax	1,065.30	0	0
Miscellaneous	166.34	62.40	62.40

Next action

A distribution of 1.98 p/£ by way of the prescribed part has been made to unsecured creditors who will receive no further dividend in this liquidation.

This liquidation is proceeding to close.

Closure

It is anticipated that the liquidation will be concluded within 4 months.

ADMINISTRATION AND PLANNING

Statutory information

Statutory information may be found at Appendix I.

The Liquidator is required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the administration of the case, which ensures that work is carried out to high professional standards.

A list of tasks undertaken may be found in Appendix III.

REALISATION OF ASSETS

All assets have now been realised and details are contained in previous reports, copies of which can be obtained on request. This liquidation is now proceeding to close.

CREDITORS

Irrespective of whether sufficient realisations are achieved to pay a dividend to creditors, the Liquidator has had to carry out key tasks which are detailed in the list at Appendix IV.

The Liquidator has met his statutory and regulatory duties to report to creditors, including his annual progress report to creditors. In consideration of the need for transparency and engagement with creditors, care has been taken to ensure that reports and other communications with creditors have provided useful details of the strategies pursued and the outcomes anticipated.

During the prior Administration of the Company, the liquidator's legal advisors, Aaron & Partners LLP, confirmed the validity of the fixed and floating charge to 1878 Workshops LLP. A distribution to the fixed charge holder of £34,000 was made in the Administration. Distributions under the floating charge of £83,000 and £11,000 were made prior to this review period. A final distribution under the floating charge of approximately £2,000 is intended before closure.

Preferential creditors

Employee claims

There are no employee claims as all employment contracts transferred to the buyer when the business was sold in 2014.

Unsecured creditors

The Statement of Affairs estimated HMRC to be owed £1,392,120.37 (VAT, PAYE & NIC plus VAT, PAYE & NIC in the earlier failed CVA). A final claim of £1,330,256.91 was received and admitted for the purposes of dividend. HMRC received a dividend of £26,375.82.

The trade and expense creditors as per the statement of affairs totalled £78,710.62. Trade claims actually received were £14,996.60.

Dividend prospects

Where a floating charge is created after 15 September 2003 a prescribed part of the company's net property shall be made available to unsecured creditors.

As previously reported to creditors, a prescribed part distribution to unsecured creditors of 1.98 p/£ was declared on 31 May 2016. The amount distributed under the prescribed part provisions amounted to £26,673.17.

FEES AND EXPENSES

The Liquidator's fees

It is the firm's practice to ensure that work is conducted by the appropriate staff member at the appropriate level of experience. Junior staff deal with the day to day administration on cases and a manager and partner then oversees the work undertaken. Where the issues are complex and litigious, the work is closely supervised or undertaken by a partner.

The basis of remuneration was approved by creditors on 10 April 2014 being by reference to the time properly spent by the office holder and his staff.

The time costs for the period from 17 December 2018 to 16 December 2019 total £1,060.50, representing 5 hours at an average hourly rate of £216.10. No fees were drawn during this period. Time costs of £1,339.50 have been carried forward, which includes time spent in the previous review period. The time costs for the period are detailed at Appendix V.

Disbursements

No disbursements have been incurred but not yet paid during the review period. It is anticipated that an insolvency practitioner's bond premium of £62.40 will be incurred in the next review period, prior to closure of the case. This represents the simple reimbursement of actual out of pocket payments made in relation to the assignment, namely the insolvency practitioner's insurance bond.

No category 2 disbursements have been paid or incurred.

Information about this insolvency process may be found on the R3 website at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors' Guide to Fees' together with the firm's charge-out rate and disbursement policy may be found on our website and details of how to access this are contained in the letter with this report.

ANNUAL PROGRESS REPORT
NORTHERN PLASTICS LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION

A hard copy of both the Creditors' Guide and the firm's charge-out rate and disbursement policy may be obtained on request.

Other professional costs

Sub-contracted work

No insolvency practitioner work has been sub-contracted.

Solicitors & Legal costs

None incurred.

CREDITORS' RIGHTS

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 Liquidator's remuneration and expenses, within 21 days of 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 creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

EU REGULATIONS (WHETHER PROCEEDINGS ARE MAIN PROCEEDINGS OR TERRITORIAL)

The Company's centre of main interest was in the UK as their registered office address was Perseverance Works, Dewsbury Road, Elland West Yorkshire HX5 9AZ which was also the Company's trading address. Therefore it is considered that the EU Regulations apply. These proceedings are main proceedings as defined in the EU Regulation.

CONCLUSION

It is intended that this liquidation is closed within the next 4 months.

Distribution of creditors

If you require any further information, please contact this office.

Signed 

Date: 6. 2 . 2020

DAVID SIMON MATTHEW EDWARDS
LIQUIDATOR OF NORTHERN PLASTICS LIMITED

Appendix I

Statutory & Company Information

Company Name	Northern Plastics Ltd
Former Trading Name	N/a
Company Number	05523001
Trading Address & former Registered Office:	Perseverance Works Dewsbury Road, Elland West Yorkshire HX5 9AZ
Registered Office	c/o Aaron & Partners LLP Grosvenor Court, Foregate Street Chester CH1 1HG
Authorised share capital:	£1,000.00
Allotted share capital:	£1,000.00
Shareholder	Ardeth Group Ltd
Subsidiaries	None
Current director	Mr Leslie Arthur O'Hare, appointed 30 April 2013
Former directors	Mr Nicholas William Catt Appointed 11 March 2008 to 15 July 2013 Mr Andrew James Priestley Appointed 01 March 2013 to 31 May 2013 Mr Cameron Joseph Varley Appointed 24 August 2011 to 3 October 2012
Office holder	David Simon Matthew Edwards
Office holders' address	Aaron & Partners LLP Grosvenor Court, Foregate Street Chester CH1 1HG
Date of appointment	17 December 2014 Formerly Administrator from 3/2/2014 to 17/12/2014
Change in office holder	None

CREDITORS VOLUNTARY LIQUIDATION (FOLLOWING ADMINISTRATION - LIVERPOOL HIGH CT 128 OF 2014)
 RE: NORTHERN PLASTICS LIMITED
 Company Number: 05523001

Appendix II

LIQUIDATOR'S SUMMARY OF RECEIPTS AND PAYMENTS
FOR REPORT PERIOD 17 DECEMBER 2018 TO 16 DECEMBER 2019

COMMENCEMENT OF LIQUIDATION: 17 DECEMBER 2014

RECEIPTS

Net funds from Administration of the Company
 Reversal of uncashed dividend cheque
 Bad debt VAT recovery
 Book debt
 VAT recovery
 Deposit account interest

TOTAL RECEIPTS

PAYMENTS

Corporation Tax
 Administrator's fees (billed but not yet paid as at 17.12.2014)
 Administrator's fees billed 19.12.2014
 Liquidator's fees
 Disbursements:
 Fee to Insolvency Service re unclaimed dividend
 Statutory Advertisement
 VAT on fees & disbursements

TOTAL COSTS

31/5/2016 Dividend declared to unsecured non preferential creditors (1.98p/£)
 9/9/2016 Interim distribution to Floating Charge Holder 1878 Workshops LLP

TOTAL PAYMENTS

BALANCE (RECEIPTS LESS PAYMENTS)

FUNDS HELD AS AT 16 DECEMBER 2019

Prior period	This period	Cumulative
50,554.18		50,554.18
67.95		67.95
4,282.64		4,282.64
216.52		216.52
4,515.65		4,515.65
100.30		100.30
59,737.24	-	59,737.24
1,065.30		1,065.30
630.00		630.00
726.00		726.00
11,885.00		11,885.00
90.84		90.84
75.50		75.50
2,537.30		2,537.30
17,009.94	-	17,009.94
26,673.16		26,673.16
11,000.00		11,000.00
17,009.94	-	54,683.10
		5,054.14
		5,054.14

I certify that this is an accurate summary of receipts and payments in the report period and cumulatively in the liquidation to 16 December 2019 and I confirm that I have reconciled my account with the Deposit account.

Signed.....

Date: February 2020

D S M Edwards - Liquidator

Appendix III

List of work undertaken for the review period 17 December 2018 to 16 December 2019

Information about tasks undertaken by the Liquidator in the review period.

General Description	Includes
Statutory & general administration & Planning	Annual corporation tax return Review of office holder bond Filing of documents File review in preparation for closure Maintenance of statutory and case progression task lists/diaries Updating checklists Account reconciliation Maintenance of the estate cash book
Creditors	Annual progress report to creditors Dealing with communications from creditors Maintenance of creditors list

Current Charge-out Rates for the firm & time charging policy

Support staff do not charge their time to each case.
Support staff include cashier and secretarial support.
The minimum unit of time recorded is 6 minutes.

Staff	Charge out rates £
Insolvency Practitioner	350
Partner	200 – 350
Solicitor	170 - 275
Case Manager	250
Case Administrator	120
Secretarial/Administration support staff	0

Classification of work function	HOURS				Clerk **	Total Hours	Time Cost	Average Hourly Rate
	Liquidator	Manager						
Administration and Planning	0.10 £35.00	0.60 152.50			1.00 120.00	1.7	£307.50	£180.88
Investigations	0 £0.00	0 £0.00			0 £0.00	0	£0.00	£0.00
Realisation of Assets	0.00 £0.00	0.00 £0.00			0 £0.00	0	£0.00	£0.00
Trading	0 £0.00	0 £0.00			0 £0.00	0	£0.00	£0.00
Creditors	0 £0.00	2.90 £725.00			0.40 48.00	3.3	£773.00	£234.24
Case Specific Matters	0 £0.00	0 £0.00			0 £0.00	0	£0.00	£0.00
Total Hours	0.1	3.5			1.4	5		
Total fees incurred in report period	£35.00	£877.50			£168.00	£1,080.50	Passed into this report period (includes time spent in prior period)	£180.88
Average Hourly Rate	£350.00	£250.71			£120.00	£216.10	Wages in progress carried forward may include time spent in prior period	£180.88

** No charge is made for secretarial support.

Classification of work function	HOURS				Total Hours	Time Cost	Average Hourly Rate
	Partner / Liquidator	Manager	Clerk **				
Administration and Planning	4.70 £1,129.50	15.20 3,196.00	2.50 300.00		22.4	£4,625.50	£206.50
Investigations	0.1 £32.00	1.5 £285.00	0 £0.00		1.6	£317.00	£0.00
Realisation of Assets	0.2 £39.50	2.90 £560.00	0 £0.00		3.1	£599.50	£193.39
Trading	0 £0.00	0 £0.00	0 £0.00		0	0	0
Creditors	3.6 £844.00	28.90 £6,198.50	3.8 436.00		36.3	£7,478.50	£206.02
Case Specific Matters	0 £0.00	0 £0.00	0 £0.00		0	£0.00	£0.00
Total Hours	8.6	48.5	6.3		63.4		
Total fees incurred in Liquidation (cumulatively)	£2,045.00	£10,239.50	£736.00		£13,020.50	Fees billed to Liquidation	£41,885.00
Average Hourly Rate	£237.79	£211.12	£116.83		£205.37	What is progress charge forward	£1,399.50

** No charge is made for secretarial support.

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

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

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

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

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

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as apply in the case of the committee. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator.

4.3 If the remuneration is not fixed as above, it will be fixed in one of the following ways. In a CVL, it will be fixed by the court on application by the liquidator, but the liquidator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment. In a compulsory liquidation, it will be in accordance with a scale set out in the Rules.

4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of remuneration fixed in the administration continues to apply in the liquidation (subject to paragraph 8 below).

5. Review of remuneration

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

6 What information should be provided by the liquidator?

6.1 When fixing bases of remuneration

- 6.1.1 When seeking agreement for the basis or bases of remuneration, the liquidator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.
- 6.1.2 If any part of the remuneration is sought on a time costs basis, the liquidator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.
- 6.1.3 The liquidator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.
- 6.1.4 If work has already been carried out, the liquidator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the liquidator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.2 After the bases of remuneration have been fixed

The liquidator is required to send progress reports to creditors at specified intervals (see paragraph 7.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 7.1, the liquidator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the liquidator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the liquidator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.3 Disbursements and other expenses

- 6.3.1 Costs met by and reimbursed to the liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories:
- Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the liquidation and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the liquidator or his or her staff.

- Category 2 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 can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

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

6.3.2 The following are not permissible:

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

6.4 Realisations for secured creditors

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

7. Progress reports and requests for further information

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

- details of the basis fixed for the remuneration of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period;
- a statement of the creditors' rights to request further information, as explained in paragraph 7.2, and their right to challenge the liquidator's remuneration and expenses.

7.2 Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

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

- the time and cost involved in preparing the information would be excessive, or

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

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

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

8. Provision of information – additional requirements

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

The information which must be provided is –

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

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

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

9 What if a creditor is dissatisfied?

- 9.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing
- 9.2 If a creditor believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.
- 9.3 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 7.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing.
- 9.4 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.

10. What if the liquidator is dissatisfied?

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

11 Other matters relating to remuneration

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

12. Effective date

This guide applies where a company goes into liquidation on or after 1 November 2011.

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.



STATEMENT OF INSOLVENCY PRACTICE 9 (ENGLAND AND WALES)

PAYMENTS TO INSOLVENCY OFFICE HOLDERS AND THEIR ASSOCIATES

INTRODUCTION

1. The particular nature of an insolvency office holder's position renders transparency and fairness in all dealings of primary importance. Creditors and other interested parties with a financial interest in the level of payments from an insolvent estate should be confident that the rules relating to charging have been properly complied with.

PRINCIPLES

2. Payments to an office holder or his or her associates should be appropriate, reasonable and commensurate reflections of the work necessarily and properly undertaken.
3. Those responsible for approving the basis or bases upon which payments to an office holder are to be calculated should be provided with sufficient information to make an informed judgement about the reasonableness of the office holder's requests.
4. Requests for additional information about payments to an office holder or his or her associates should be viewed upon their individual merits and treated by an office holder in a fair and reasonable way. The provision of additional information should be proportionate to the circumstances of the case.

KEY COMPLIANCE STANDARDS

PROVISIONS OF GENERAL APPLICATION

5. The information provided and the way in which the approval of payments to insolvency office holders and their associates for remuneration is sought should enable creditors and other interested parties to exercise properly their rights under the insolvency legislation.
6. An office holder should disclose:
 - a) payments, remuneration and expenses arising from an insolvency appointment to the office holder or his or her associates;
 - b) any business or personal relationships with parties responsible for approving his or her remuneration or who provide services to the office holder in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.
7. An office holder should inform creditors and other interested parties of their rights under insolvency legislation. Information on how to find a suitable explanatory note setting out the rights of creditors should be given in the first communication with creditors following appointment and in each subsequent report to creditors.

SUGGESTED FORMAT

8. A suggested format for the provision of information is in the Appendix, including the suggested levels

at which the provision of further information may be appropriate.

1 "other interested parties" means those parties with rights pursuant to the prevailing insolvency legislation to information about the office holder's receipts and payments. This may include creditors' committee, the members (shareholders) of a company, or in personal insolvency, the debtor.

PROVISION OF INFORMATION WHEN FIXING THE BASES OF REMUNERATION

9. When seeking approval for the basis or bases of remuneration, an office holder should provide sufficient supporting information to enable the approving body, having regard to all the circumstances of the case, to make an informed judgement as to whether the basis or bases sought is/are appropriate. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought.
10. If any part of the remuneration is sought on a time costs basis, an office holder should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people *who have been or who are likely to be involved in the time costs aspects of the case.*
11. An office holder should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the office holder or his or her staff.
12. If work has already been carried out, an office holder should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the office holder should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. An office holder should also provide details and the cost of any work that has been subcontracted out that could otherwise be carried out by the office holder or his or her staff.

PROVISION OF INFORMATION AFTER THE BASES OF REMUNERATION HAVE BEEN FIXED

13. The requirements in this section are in addition to reporting requirements under insolvency legislation.
14. When reporting periodically to creditors, an office holder should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (*whilst recognising that the office holder must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate*).
15. Where any remuneration is on a time costs basis, an office holder should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity.
16. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable.
17. An office holder should also provide details and the cost of any work that has been subcontracted out that could otherwise be carried out by the office holder or his or her staff.

DISBURSEMENTS

18. *Costs met by and reimbursed to an office holder in connection with an insolvency appointment should be appropriate and reasonable. Such costs will fall into two categories:*
 - a) **Category 1 disbursements:** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.
 - b) **Category 2 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated

costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

19. Category 1 disbursements can be drawn without prior approval, although an office holder should be prepared to disclose information about them in the same way as any other expenses.
20. Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration. When seeking approval, an office holder should explain, for each category of expense, the basis on which the charge is being made.
21. The following are not permissible:
 - a) a charge calculated as a percentage of remuneration;
 - b) an administration fee or charge additional to an office holder's remuneration;
 - c) recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.
22. If an office holder 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 office holder is replaced.

PRE-APPOINTMENT COSTS

23. When approval is sought for the payment of outstanding costs incurred prior to an office holder's appointment, disclosure should follow the principles and standards contained in this statement.

PAYMENTS TO ASSOCIATES

24. Where services are provided from within the practice or by a party with whom the practice, or an individual within the practice, has a business or personal relationship, an office holder should take particular care to ensure that the best value and service is being provided. An office holder should also have regard to relationships where the practice is held out to be part of a national or international association.
25. Payments that could reasonably be perceived as presenting a threat to the office holder's objectivity by virtue of a professional or personal relationship should not be made unless approved in the same manner as an office holder's remuneration or category 2 disbursements.

PROVISION OF INFORMATION TO SUCCESSIVE OFFICE HOLDERS

26. When an office holder's appointment is followed by the appointment of another insolvency practitioner, whether or not in the same proceedings, the prior office holder should provide the successor with information in accordance with the principles and standards contained in this statement.

PROVISION OF INFORMATION TO INTERESTED PARTIES

27. Where realisations are sufficient for payment of creditors in full with interest, the creditors will not have the principal financial interest in the level of remuneration. An office holder should provide the beneficiaries of the anticipated surplus, on request, with information in accordance with the principles and standards contained in this statement.

Effective Date: This SIP applies to insolvency appointments starting on or after **1 November 2011**.

However, insolvency practitioners are encouraged to apply the SIP to all cases regardless of the starting date where to do so would not be onerous or give rise to excessive costs.

APPENDIX SUGGESTED FORMAT FOR PROVISION OF INFORMATION

INTRODUCTION

- 1 Information provided by an office holder should be presented in a manner that is transparent, consistent and useful to the recipient, whilst being proportionate to the circumstances of the case. The level of disclosure suggested below may not be appropriate in all instances and the office holder may take account of proportionality considerations. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.
- 2 It is a matter for each office holder to decide what detailed information and explanations are required, having regard to the circumstances of the case. However, the importance of consistency and clarity should be recognised, and this Appendix sets out suggestions in relation to the presentation of information in a standard way. Those receiving the information ought to be able to make an informed judgement about the reasonableness of the office holder's request. The information provided should facilitate comparisons between cases.

A NARRATIVE OVERVIEW OF THE CASE

3. In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:
 - a) the complexity of the case;
 - b) any exceptional responsibility falling on the office-holder;
 - c) the office-holder's effectiveness;
 - d) the value and nature of the property in question.
4. 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:
 - a) an explanation of the nature, and the office-holder's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known);
 - b) initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers;
 - c) any significant aspects of the case, particularly those that affect the remuneration and cost expended;
 - d) the reasons for subsequent changes in strategy; e) the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing;
 - f) any existing agreement about remuneration; g) 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;
 - h) in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed;
 - i) details of work undertaken during the period;
 - j) any additional value brought to the estate during the period, for which the office holder wishes to claim increased remuneration.

TIME COST BASIS

5. 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:
 - (a) An explanation of the office-holder'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.
 - (b) 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

office-holder wishes to make.

c) Time spent and charge-out summaries, in an appropriate format.

6. 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, in particular to facilitate comparisons between cases:

Classification of work	Hours				Total	Time	Average hourly rate £
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff			
Administration and planning							
Investigations							
Realisation of assets							
Trading							
Creditors							
Case specific matters (Specify the matters)							
Total hours							
Total fees claimed (£)							

7. The level of disclosure suggested by the standard format will not be appropriate in all instances and the office holder should take account of proportionality considerations:
- where the cumulative time costs are, and are expected to be, less than £10,000 the office holder 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.