

LIQ03

Notice of progress report in voluntary winding up



Companies House

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

1 Company details

Company number 0 5 9 4 4 2 1 3

Company name in full Sandbach Spa Consultancy Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Situl Devji

Surname Raithatha

3 Liquidator's address

Building name/number 38 De Montfort Street

Street Leicester

Post town

County/Region

Postcode L E 1 7 G S

Country

4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode


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	^d 0	^d 5	^m 0	^m 7	^y 2	^y 0	^y 2	^y 2				
To date	^d 0	^d 4	^m 0	^m 7	^y 2	^y 0	^y 2	^y 3				
7	Progress report											
<input checked="" type="checkbox"/> The progress report is attached												
8	Sign and date											
Liquidator's signature	<div>Signature</div> <div>X </div>								X			
Signature date	^d 1	^d 7	^m 0	^m 8	^y 2	^y 0	^y 2	^y 3				

**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 **Mansi Vora**

Company name **Springfields Advisory LLP**

Address **38 De Montfort Street**

Leicester

Post town **LE1 7GS**

County/Region

Postcode

Country

DX

Telephone

0116 299 4745

**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

Sandbach Spa Consultancy Limited (“the Company”) – In Creditors’ Voluntary Liquidation

LIQUIDATOR'S PROGRESS REPORT TO CREDITORS AND MEMBERS

For the period from 05 July 2022 to 04 July 2023 (“the Period”)

EXECUTIVE SUMMARY

All asset realisations have been dealt with and I have complied with my statutory duties. A first and final dividend was paid to the non-preferential unsecured creditors in the Period.

I will shortly be taking steps to finalise the Liquidation.

STATUTORY INFORMATION

Company name:	Sandbach Spa Consultancy Limited
Trading names:	Klafs & Ocio London
Company number:	05944213
Trading address:	N/A
Registered office:	38 De Montfort Street, Leicester, LE1 7GS
Former registered office:	Moorgate House, 7b Station Road West, Oxted, RH8 9EE
Principal trading activity:	Spa Consultancy & Distribution
Liquidator’s name:	Situl Devji Raithatha
Liquidator’s address:	38 De Montfort Street, Leicester, LE1 7GS
Liquidator’s contact details:	Mansi.v@springfields-uk.com and 0116 249 2011
Date of appointment:	5 July, 2022

LIQUIDATOR'S ACTIONS SINCE APPOINTMENT

Since my appointment, I have attempted to realise the assets of the Company, complied with my statutory duties, and paid a first and final dividend to the non-preferential unsecured creditors.

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

RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the Period is attached at Appendix 2. 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 were held in an interest-bearing estate bank account although the bank account has recently been transferred to non-interest bearing in anticipation of closure.

ASSETS

Book Debt

The Statement of Affairs included a book debt due from a single debtor with an estimated to realise value of £480.00. Letters were issued requesting repayment, which were not responded to. No further action was taken as the cost of taking recovery action was expected to outweigh the value of the debt.

VAT Refund

The Statement of Affairs indicated that there was a VAT refund of £1,440 due to the Company in respect of the period prior to the Liquidation. The Company's pre-appointment VAT Returns had not been brought-up-to date prior to my appointment, which resulted in HM Revenue & Customs registering a claim in the Liquidation for VAT based on estimates. Although the appropriate forms were submitted to claim the refund, no payment has been forthcoming and there is no commercial benefit in pursuing the refund any further.

Funds held on Client Account

There was a balance of £16,400 held by Springfields on a designated client account, which originated from the Company's bank account. These funds were transferred to the Liquidation estate account following my appointment.

LIABILITIES

Secured Creditors

There are provisions of the insolvency legislation that require Liquidator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "qualifying 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." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. Liquidator has to set aside:

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

up to a maximum of £600,000/£800,000 (depending on when the charge was created).

As there are no charges registered over the assets of the Company, the prescribed part provisions will not apply.

Preferential & Non-Preferential Unsecured Creditors

Ordinary Preferential Creditor claims include some elements of employee claims, such as outstanding holiday pay and arrears of wages. They also include outstanding employee pension contributions in the four months preceding the date of Liquidation.

HM Revenue & Customs ("HMRC") are secondary preferential creditors for certain specified debts, such as VAT, PAYE, employee National Insurance Contributions, student loan deductions and Construction Industry Scheme deductions. Secondary Preferential Creditor Claims are payable after all ordinary preferential debts have been paid in full, and before non-preferential unsecured debts.

Non-Preferential Unsecured claims make up the remaining claims and include amounts owing to trade & expense creditors. These claims are paid after the claims of the Ordinary Preferential Creditors.

The position on this case and the expected outcome for each category of creditor is summarised below:

Category	Amount on SoA (£)	Amount Claimed (£)	Unclaimed as per SoA (£)	Outcome (£)
Ordinary Preferential	Nil	Nil	Nil	No claims received
Secondary Preferential	Nil	3,741.03	Nil	The claim was formally rejected. No dividend was paid to the secondary preferential creditors
Non-preferential Unsecured	104,379.74	135,348.51	1,338.00	On 19 June 2023, a First and Final Dividend of 4.46p in the £ was paid to the non-preferential unsecured creditors. The sum of £6,038.43 was distributed. There will be no further return to creditors.
TOTAL	104,379.74	139,089.54	1,338.00	

The significant difference between estimated and actual claims is primarily due to one creditor submitting a claim of £38,774.14 against an estimated claim of £10,000.00. The creditor was able to substantiate their claim and it was admitted in full for dividend purposes.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. I am required by the Statements of Insolvency Practice to undertake such an initial investigation and the work detailed below has been undertaken in connection with that initial investigation.

Specifically, I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank statements for the 12 months prior to the Company ceasing to trade from the Company's bankers and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Liquidation.

A number of concerns were raised by a creditor in relation to the conduct of the Director and the Company's affairs. These matters were considered as part of my statutory investigations and it was concluded that no rights of action arose. My investigations were therefore concluded.

Finally, within three months of my appointment as Liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

LIQUIDATOR'S REMUNERATION

My remuneration was approved by creditors on the basis of a fixed fee of £10,000 plus VAT.

Details of the amounts drawn on account of these costs are shown on the enclosed Receipts and Payments Account. A VAT refund of £2,074.10 is due, which will go towards the balance of these costs once received.

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 that can be found 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. Please note that we have also provided further details in the practice fee recovery sheet. Hard copies of the guidance available online are available on request from our office.

A copy of our Practice Fee Recovery Sheet is enclosed.

LIQUIDATOR'S 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.

No agents or professional advisors were used in the Period.

I enclose a schedule of the expenses incurred in the Period. You will note that I have not exceeded the estimate I provided to creditors when seeking fee approval.

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 Liquidator's 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 Liquidator as being excessive, and/or the basis of the Liquidator's 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.

As an Insolvency Practitioner, when carrying out all professional work relating to an insolvency appointment, I am bound by the Insolvency Code of Ethics, as well as by the regulations of my professional body. More details about these matters and general information about Springfields Advisory LLP that is of relevance can be found at <https://www.springfields-uk.com/regulatory>

SUMMARY

This case is now ready for closure. I expect to be in a position to issue my final account within the next month.

DISCLAIMER

This report has been prepared for the sole purpose of updating creditors and shareholders of the Company for information purposes to fulfil the necessary statutory requirements of the Liquidator. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, or otherwise used by creditors or shareholders for any purpose other than updating them for information purposes, or any other person for any purpose whatsoever.

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 Mansi Vora by email at mansi.v@springfields-uk.com, or by phone on 0116 249 2011.

Dated: 17 August 2023

A handwritten signature in black ink, appearing to be 'SD' followed by a long horizontal stroke.

Situl Devji Raithatha
LIQUIDATOR

Appendix 1 - Details of Work undertaken in the Period

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 staff). 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 an office holder must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to staff to undertake the work on the case.
- Setting up electronic case files
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder must obtain for each insolvency appointment).
- Convening a decision procedure to seek a decision from creditors to approve the basis of remuneration.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the estate bank account.
- Creating, maintaining and managing a cashbook.
- Undertaking regular bank reconciliations of the estate bank account.
- 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.
- Preparing, reviewing and issuing annual progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

Realisation of assets:

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

- Corresponding with debtors and attempting to collect outstanding book debts.
- Liaising with the bank regarding the closure of the account.

Creditors:

Claims of creditors - the office holder needs 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 can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of their statutory functions

Dividends - the office holder has to undertake certain statutory formalities in order to enable them to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors. This work is primarily undertaken for the benefit of creditors, but it also includes work that the office holder is required to undertake as part of their statutory functions.

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Issuing a notice of intended dividend and placing an appropriate gazette notice.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.

Investigations:

The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure, and also in respect of matters such as misfeasance and wrongful trading. The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors.

- Recovering the books and records for the case.
- Listing the books and records recovered.
- Submitting an online return on the conduct of the Directors as required by the Company Directors Disqualification Act.
- Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.
- Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors.

Sandbach Spa Consultancy Limited Trading As: Klafs & Ocio London
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £		From 05/07/2022 To 04/07/2023 £	From 05/07/2022 To 04/07/2023 £
	ASSET REALISATIONS		
	Bank Interest Gross	11.16	11.16
480.00	Book Debt	NIL	NIL
16,400.00	Funds Held on Client Account	16,400.00	16,400.00
1,440.00	VAT Refund	NIL	NIL
		<u>16,411.16</u>	<u>16,411.16</u>
	COST OF REALISATIONS		
	Corporation Tax	2.21	2.21
	Office Holders Remuneration	7,925.90	7,925.90
	Postal Services	19.52	19.52
	Specific Penalty Bond	80.00	80.00
	Statutory Advertising	271.00	271.00
		<u>(8,298.63)</u>	<u>(8,298.63)</u>
	UNSECURED CREDITORS		
	Unsecured Distribution (See note 1)	6,038.43	6,038.43
		<u>(6,038.43)</u>	<u>(6,038.43)</u>
<u>18,320.00</u>		<u>2,074.10</u>	<u>2,074.10</u>
	REPRESENTED BY		
	Vat Receivable		2,074.10
			<u>2,074.10</u>

Note:

1. On 19 June 2023 a First and Final dividend of 4.46p in the £ was declared to the non-preferential unsecured creditors. The sum of £6,038.43 was distributed.

Expenses Schedule

Case Name:	Sandbach Spa Consultancy Limited
Reporting Period:	05/07/2022 to 04/07/2023

Type - Category 1	Incurred & accrued in the Period (£)	Estimated expenses in fee report (£)	Difference between estimated expenses & actual expenses (£)
Specific Penalty Bond	80.00	80.00	-
Statutory Advertising	271.00	177.50	93.50
Archive of Records	-	250.00	- 250.00
Postal Services	5.50	64.02	- 58.52
TOTAL	356.50	571.52	-215.02

<u>Estimated v Actual Expenses</u> <u>Summary</u>	
	£
Total expenses as per estimate*	571.52
Actual expenses incurred to end of the Period	356.50
Difference	215.02

* The estimated expenses are those set out in the schedule that accompanied my report of 20 July 2022

SPRINGFIELDS ADVISORY LLP
PRACTICE FEE RECOVERY POLICY FOR INSOLVENCY APPOINTMENTS

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 guides that can be accessed at <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>. Alternatively, hard copies of any of the guidance notes are available on request from our office. Please note that we have provided further details in this policy document.

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
- Realisation of Assets
- Investigations.
- Creditors
- 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 1 August 2023 £	Previous charge-out rate per hour, effective from 1 August 2022 £
Partner	526	496
Manager	315-398	298-376
Administrator	180-267	170-252

Time is recorded in units of 6 minutes (prior to 08/01/2007 this was 15 minute units)

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

When we seek time costs approval, we have to set out a 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.

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 bases

With the exception of IVA's and CVA's, which are VAT exempt, the officeholder'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.

From 1 April 2021, 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.