

LIQ03

Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



A76JHY01

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23/05/2018

#313

COMPANIES HOUSE

1 Company details

Company number	0	6	9	0	4	7	0	7
Company name in full	Asons Solicitors Limited							

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

2 Liquidator's name

Full forename(s)	Gareth
Surname	Howarth

3 Liquidator's address

Building name/number	Flint Glass Works
Street	64 Jersey Street
Post town	Ancoats Urban Village
County/Region	Manchester
Postcode	M 4 6 J W
Country	

4 Liquidator's name ①

Full forename(s)	Julian
Surname	Pitts

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

5 Liquidator's address ②

Building name/number	Toronto Square
Street	
Post town	Toronto St
County/Region	Leeds
Postcode	L S 1 2 H J
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 2	^d 4	^m 0	^m 3	^y 2	^y 0	^y 1	^y 7
To date	^d 2	^d 3	^m 0	^m 3	^y 2	^y 0	^y 1	^y 8

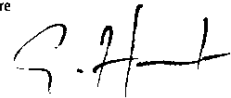
7 Progress report

The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X 

X

Signature date

^d 2	^d 2	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8
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ANNUAL PROGRESS REPORT

ASONS SOLICITORS LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION

Content

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- Fees and Expenses
- Creditors' Rights
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- *Conclusion*

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EXECUTIVE SUMMARY

A summary of key information in this report is detailed below.

Assets

Asset	Estimated to realise per Statement of Affairs	Realisations to date	Anticipated future realisations	Total anticipated realisations
Costs Receivable	Nil	3,666.66	Uncertain	Uncertain
Cash at Bank	148,722.20	101,204.64	41,198.71	142,403.35
Bank Interest Gross	Nil	5.20	Uncertain	Uncertain
Antecedent Recoveries	Nil	Nil	Uncertain	Uncertain

Expenses

Expense	Expense incurred to date	Anticipated further expense to closure	Total anticipated expense
Joint Liquidator's fees	45,000.00	Uncertain	Uncertain
Joint Liquidator's Time Costs	123,157.50	Uncertain	Uncertain
Solicitor's fees	45,141.20	Uncertain	Uncertain
Solicitor's Time Costs	89,148.00	Uncertain	Uncertain
All other expenses	3,381.90	Uncertain	Uncertain

Dividend prospects

Creditor class	Distribution / dividend paid to date	Anticipated distribution / dividend, based upon the above
Secured creditor	n/a	n/a
Preferential creditors	n/a	n/a
Unsecured creditors	Nil	Uncertain

Summary of key issues outstanding

- Potential claims against Directors;
- Recovery of costs on ongoing and concluded files.

Closure

Due to the uncertainty as to the level of work required to address the outstanding issues summarised above, it is difficult to estimate the timing of any dividend to unsecured creditors or the closure of the liquidation.

An estimated outcome statement has not been provided, due to the uncertain nature of potential recoveries and future costs.

ADMINISTRATION AND PLANNING

Statutory information

Statutory information may be found at Appendix I.

The Joint Liquidators are 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 detailed list of these tasks may be found in Appendix III.

Reporting

The Joint Liquidators have met their statutory and regulatory duties to report to creditors, as listed below. 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 as much useful detail of the strategies pursued and the outcomes anticipated as possible.

During the Review Period, the following key documents have been issued:

- The report presented to the S98 meeting of creditors;
- This progress report;
- Reports to the creditors committee in relation to key developments.
- A report to HM Revenue & Customs in relation to key developments.

Other administration tasks

During the Review Period, the following material tasks in this category were carried out:

- Case reviews
- Document maintenance/file review/checklist
- Bank account administration
- Planning / Review
- Books and records / storage
- Dialogue between the joint appointees to ensure the efficient progression of the liquidation

SRA INTERVENTION

Shortly after my appointment I received confirmation the Solicitors' Regulation Authority ('SRA') intervened in the Company, on 30 March 2017. As detailed in the Director's section 98 report to creditors, the business and asset were sold to Coops Law on 23 March 2017. I subsequently received notification that the SRA intervened in Coops Law on 23 June 2017.

Stephensons Solicitors are the acting intervention agents on both respective companies.

REALISATION OF ASSETS

Detailed below is key information about asset realisation and strategy, however, more details about the work undertaken may be found at Appendix III. The Joint Liquidators formulated and worked through a realisation strategy that sought to maximise realisations net of costs. The financial benefit of those efforts is described further below.

Sale of Business

In accordance with the guidance given in SIP13, details of the Company's transactions with connected parties during the two years prior to the Joint Liquidators appointment are provided below:

A sale of the business and assets of the Company was made to Coops Law Limited in the sum of £229,534.57, the Sale and Purchase agreement completed on 23 March 2017. Details of the assets sold and consideration paid are as follows;

Asset	Apportionment of Consideration
The Business Intellectual Property	£1.00
The benefit (subject to the burden) of the Contracts	£125,000.00
The Fixtures and Fittings	£30,000.00
The Goodwill	£1.00
The Records	£1.00
The Trade Debts	£74,531.57
Total	£229,534.57

From this sum the cost of the professional indemnity run over cover totalled £99,400.00.

Payment was due on completion of the sale, with the balance of cash at bank following the payment of the run off cover to form an asset of the liquidation.

I can also confirm that this is considered an associated party transaction, as one director of the purchasing company is the brother of the Director.

No formal valuation was undertaken of the goodwill, work in progress and book debts and limited marketing of the business was conducted.

The Joint Liquidators have reviewed these transactions and are investigating concerns raised by creditors that the transaction did not take place at arm's length and for full value. The accounts for period ending 30 November 2016 showed work in book debts to have a value of £3,000,000.00. Furthermore, in the month prior to sale the work in progress totalled circa £11,000,000.00.

SRA Intervention - Coops Law

On the 23rd of June 2017 the SRA carried out an intervention into Coops Law Ltd. This has resulted in further delays in legal file progression which has reduced the value expected to be realised for the ongoing Work in Progress.

Costs Receivable

The sum of £3,666.66 has been received from AXA Insurance on 30 November 2017, in respect of costs receivable.

We remain in discussions with a number of parties with a view to recovering further costs due payable to the Company on settled cases, with funds being withheld by insurers. Outside of the period of this report, but prior to its circulation, an additional £5,370.00 was received, details of which will be provided in our next progress report.

Cash at Bank

Upon appointment it was estimated that the sum of £148,722.20 was held in the Company's bank account. Immediately upon appointment, the liquidator wrote to the bank requesting the transfer of funds. However, on 30 March 2018 the Solicitors Regulation Authority ('SRA') took the decision to intervene into the practice of the Company, following which they contacted the bank and requested that the office account and client accounts be frozen, with the funds to be transferred to the SRA.

The SRA have confirmed that as at 21 May 2017 they had identified the following monies belonging to or under the control of the Company:

Client account £286,939.35

Office account £147,821.30

The SRA claimed that their Intervention Costs should be paid out of those monies held in the office account. They further claimed that they should be paid in priority to all other claims within the liquidation estate. This includes being paid in priority to those claims of the costs and expenses of the liquidation and of general unsecured creditors.

The SRA believed that their statutory charge under the Solicitors Act 1974 takes priority to all the costs and expenses of the liquidation and those priorities as set out in The Insolvency Act 1986. The Joint Liquidator's, on the other hand, consider that there is no legal basis upon which the SRA statutory charge can take priority to the costs and expenses of the liquidation particularly in circumstances where the intervention, and thereby the statutory charge, took place after the Company entered liquidation and so after the provisions of The Insolvency Act 1986 became effective.

Following negotiations, a settlement agreement was negotiated with the SRA, signed by the Joint Liquidators on 27 July 2017 and the SRA on 4 August 2017. For legal reasons we are unable to disclose any further information relating to the background of this settlement, it is potentially the subject of legal proceedings as the SRA have not complied with the terms of the agreement as explained below.

The settlement was negotiated on the basis that the SRA would retain £100,000 against Intervention Costs and release the balance to the Joint Liquidators. This would have released £216,982.08 into the liquidation estate. The balance of the funds to have been retained by the SRA amounted to a figure less than the SRA's lowest estimate of costs as it was a flat figure inclusive of VAT and disbursements. The SRA's estimate of Intervention Costs was £100,000 - £150,000 plus VAT and disbursements and as at 25 August 2017 the Intervention Costs stood at £92,102.92. If Intervention Costs exceed £100,000 then the SRA would prove in the liquidation as an unsecured creditor for the balance. The SRA further confirmed that it would not lay any direct claim to further monies recovered into the estate and that any shortfall in the client account would be paid out of the compensation scheme and rank as a subrogated unsecured creditor.

Subsequently, on 1 September 2017 the SRA advised that the recovered practice costs appeared to include sums held for clients and third parties and not just profit costs due to the Company. Therefore, unless and until each file was considered individually, which would take significant time and incur substantial costs, there was no way of identifying the exact figure for recovered practice costs due to the Company.

Having considered the position and in the interests of the Liquidation estate generally, the Liquidators agreed a pragmatic solution with the SRA that the practice money can be dealt with

in two tranches and on a pro rata basis. Of the office account balance of £147,821.30, the SRA retained one third and two thirds was paid to the Joint Liquidators. The sum of £101,204.64 was subsequently received on 22 September 2017.

In respect of the practice costs monies, following adjudication on a file-by-file basis, the Joint Liquidators proposed that these monies also be split on the same pro-rata basis, up to the previously agreed cap of Intervention Costs of £100,000, as referred to in the original agreement. On 9 May 2018 the SRA provided the Joint Liquidators with a report in regard to the split of practice cost monies and advised the following;

Asons	£142,386.05 (of which £101,187.34 has already been paid)
SRA	£65,621.11 (of which £21,974.70 is being used to offset the shortfall)
Coops	£32,876.89

It should be noted that the originally agreement with the SRA was agreed on the basis that £216,982.08 would be released into the estate in or around August 2017. It has taken the SRA until May 2018 to confirm that they propose to release a significantly lower amount into the estate. The Liquidators are taking legal advice on the SRA report produced on 9 May 2018 and will take steps accordingly in line with legal advice.

Employee Benefit Trust Tax Avoidance Scheme

In the accounting period ended 31 May 2014, the Company entered into a tax avoidance scheme administered by Qubic Tax, commonly referred to as a "gold bullion scheme", following the setting up of The Asons Solicitors Limited Employee Trust 2014. Prior to the liquidation, HMRC had raised enquiries into the Company's tax returns and wrote to advise that it disputed the validity of the scheme. It has since transpired that the Company may have historically also been involved in other tax avoidance/tax planning schemes. Owing to duties of confidentiality, the Joint Liquidators are discussing this matter separately with HMRC.

Qubic Tax has provided two bundles of copy documentation in relation to the gold bullion scheme, which centred around the apparent purchase of gold bullion to the value of £2,000,000 through a convoluted chain of transactions. The information and documentation received from Qubic will be considered alongside any further information that HMRC is able to separately provide to the Joint Liquidators.

The financial impact of the scheme being invalidated remains under review in the context of the specific circumstances of the Company's involvement in the scheme.

ENQUIRES AND INVESTIGATIONS

During the Review Period, the Joint Liquidators carried out an initial review of the Company's affairs in the period prior to appointment. This included seeking information and explanations from the directors by means of a questionnaire; making enquiries of the Company's accountants; reviewing information received from creditors; and collecting and examining the Company's bank statements, accounts and other records.

The directors provided the books and records, however they failed to return complete questionnaires.

This initial assessment revealed matters that the Joint Liquidators considered merited further investigation. Due to the confidential nature of our enquiries, I am unable to disclose full contents as to do so may prejudice our ongoing investigations.

The Insolvency Service are now conducting their own enquiries, with a view to disqualification action, in accordance with CDDA 1986.

Although this work has not at present generated any financial benefit to creditors, it was necessary to meet the statutory duties as well as conduct appropriate enquiries and investigations into potential rights of actions to enhance realisations.

Payments

Pension Scheme

20-20 Trustees Limited ('TTTL') were instructed as the Director advised that the Company was party to a pension scheme. After reviewing the scheme, TTTL advised that the Joint Liquidators have no responsibility in relation to the scheme, as it is held in the member's names and the monies are invested on an individual member basis. Therefore, the Scheme will have no further bearing on the liquidation. The sum of £250.00 has been paid to TTTL for preparing their report.

IT Support

In order to access the Company's records, a software license, Proclaim, from Eclipse Legal Systems was purchased. The sum of £1,162.78 has been paid to Eclipse Legal Systems with a further sum of £162.66 paid in respect of IT disbursements involved in accessing the software.

CREDITORS

Irrespective of whether sufficient realisations are achieved to pay a dividend to creditors, the Joint Liquidators have had to carry out key tasks which are detailed in the list at Appendix IV. The following sections explain the anticipated outcomes to creditors and any distributions paid.

Secured creditors

The Company had granted the following security:

Type of charge	Date created	Beneficiary
Legal Mortgage	2 December 2009	HSBC Bank Plc
Debenture	11 August 2009	HSBC Bank Plc

Although the Company has granted a floating charge to HSBC Banks Plc, which was registered on 22 December 2009, I have been advised that this charge has now been satisfied on 22 February 2017.

Preferential creditors

There are no preferential creditors of the Company as all employees were transferred to Coops Law following the sale of the business and assets under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Unsecured creditors

Upon appointment we were contacted by a number of creditors and/or their representatives who submitted claims far in excess of the figures provided in the Director's Statement of Affairs. A

significant amount of additional work was undertaken in reviewing these claims for voting purposes, with the assistance of our solicitors.

HM Revenue & Customs were listed in the Statement of Affairs as a creditor in the sum of £20,000.00. I have subsequently received a claim from HMRC totalling £1,415,296.60.

The trade and expense creditors as per the statement of affairs totalled £3,220,945. To date I have received claims totalling £24,982,551.26. Please be advised that proofs of debt are still being received and therefore the total value of admissible unsecured claims is has yet to be determined. No claims have been agreed to date for dividend purposes.

Dividend prospects

Dividend prospects are presently uncertain and are subject to the outcome of our ongoing investigations.

Although the Company has granted a floating charge to HSBC Bank Plc, which was registered on 22 December 2009, I have been advised that this charge was satisfied on 22 February 2017. Consequently, there will be no prescribed part.

FEES AND EXPENSES

At the first creditors committee meeting held on 24 May 2017 the following resolutions were passed;

i) the Liquidators be authorised to draw their remuneration on a time costs basis at the charge-out rates advised to the Committee (from time to time) and that the time costs incurred by the Liquidators' to date are approved as detailed below.

ii) the remuneration of Path Business Recovery Limited ("PBR") be based on a time costs basis, details of which were included in the report presented at the meeting and it was recorded that PBR have incurred £26,719 of time costs for the period 24 March 2017 to 24 May 2017.

ii) the time costs of PBR presented to the meeting are approved but PBR are only authorised to draw £25,000 plus VAT on account of such costs incurred to date at this stage.

iii) the remuneration of Begbies Traynor (Central) LLP ("BT") be based on a time costs basis, details of which were included in the report presented at the meeting and it was recorded that BT have incurred £17,242.50 of time costs for the period 13 April 2017 to 24 May 2017.

iv) the time costs of BT presented to the meeting are approved but BT are only authorised to draw £15,000 plus VAT on account of costs incurred to date at this stage.

v) the remuneration of Squire Patton Boggs (UK) LLP ("SPB") as an expense of the liquidation be approved on a time costs basis, details of which were included in the report presented at the meeting and it was recorded that SPB have incurred £61,720.50 of time costs for the period 30 March 2017 to 19 May 2017.

vi) the time costs of SPB presented to the meeting are approved as an expense of the liquidation and the charge out rates of SPB's are approved but the Liquidators are only authorised to pay £25,000 plus VAT and disbursements to SPB on account of SPB's costs incurred to date at this stage.

vi) the Liquidator's be authorised to draw "Category 2" disbursements to be fixed as set out in accordance with PBR's and BT's standard tariff.

On 27 June 2017 a memorandum of understanding regarding future costs was sent to the committee for approval. The committee subsequently confirmed they were in agreement to the contents of this email and the Joint Liquidator's fees were approved on a time costs basis, subject to a number of conditions. This fee proposal was approved by the committee.

A meeting of the committee was held on 14 September 2017 and a report detailing the time costs incurred to date was forwarded prior to this meeting. On 27 September 2017 a further email was sent to the committee members, requesting approval of the total outstanding WIP for the period to 8 September 2017 which was as follows:

• Path Business Recovery Limited	-	£17,072.50
• Begbies Traynor (Central) LLP	-	£9,584.00
• Squire Patton Boggs (UK) LLP	-	£76,464.00

The time costs incurred by PBR for the period 24 March 2017 to 23 March 2018, being the review period, total £54,706.50, representing 277.45 hours at an average hourly rate of £197.18.

The time costs incurred by BT for the period 13 April 2017 to 23 March 2018, being the review period, total £65,459.50, representing 237.30 hours at an average hourly rate of £275.85.

Disbursements

The Category 1 disbursements that have been incurred and paid in the review period are as follows;

Category 1 Disbursements

Stationery & Postage	-	£82.15
Pension Brief Report	-	£250.00
Land Registry Search	-	£39.00
Statutory Advertising	-	£212.49
Specific Bond	-	£885.00
IT Support	-	£1,162.78
IT Support Disbursements	-	£162.66
Stationery & Postage	-	£82.15
Meeting Room Hire	-	£329.00
Total	-	£3,205.23

The category 2 disbursements that have been incurred and paid in the review period are as follows;

Category 2 Disbursements

Photocopying	-	£131.67
Travel	-	£45.00
Total	-	£176.67

I can confirm that the committee have approved the resolutions in respect of fees and disbursements.

Information about this insolvency process may be found on the R3 website at <http://www.creditorinsolvencyguide.co.uk/>.

Other professional costs

Solicitors

Squire Patton Boggs LLP have been instructed as legal advisors. Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT. The time costs incurred by Squire Patton Boggs for the period 30 March 2017 to 23 March 2018, being the whole period of the liquidation, total £89,148.00. The sum of £45,141.20 has been paid in this regard against these costs, leaving an outstanding balance of £44,006.80.

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 at Appendix VII.

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 Joint 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 Joint 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.

EC REGULATIONS (WHETHER PROCEEDINGS ARE MAIN PROCEEDINGS OR TERRITORIAL)

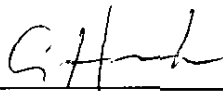
The Company's centre of main interest was in 40 Churchgate, Bolton, BL1 1HL and therefore it is considered that the EC Regulations will apply. These proceedings are main proceedings as defined in Article 3 of the EC Regulation.

CONCLUSION

The administration of the case will be continuing to finalise the following outstanding matters that are preventing this case from being closed:

- Potential claims against Directors;
- Recovery of costs on ongoing files.

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

Signed  _____

Gareth Howarth
Joint Liquidator

22 May 2018

Appendix I

Statutory Information

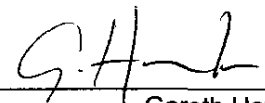
Company Name	Asons Solicitors Limited
Company Number	06904707
Registered Office	Path Business Recovery Limited, Flint Glass Works, 64 Jersey Street, Ancoats Urban Village, Manchester
Former Registered Office	40 Churchgate, Bolton, BL1 1HL
Officeholders	Gareth Howarth and Julian Pitts
Officeholders address	Path Business Recovery Limited, Flint Glass Works, 64 Jersey Street, Ancoats Urban Village, Manchester, M4 6JW Begbies Traynor, Toronto Square, Toronto Street, Leeds, LS1 2HJ.
Date of appointment	24 March 2017

Appendix II

Receipts and Payments account for the period 24 March 2017 to 23 March 2018

Asons Solicitors Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 24/03/2017 To 23/03/2018 £	From 24/03/2017 To 23/03/2018 £
	SECURED ASSETS	
NIL	Goodwill	NIL
		NIL
	ASSET REALISATIONS	
	Costs Receivable	3,666.66
148,722.20	Cash at Bank	101,204.64
	Bank Interest Gross	5.20
		<u>104,876.50</u>
	COST OF REALISATIONS	
	Specific Bond	885.00
	Office Holders Fees	45,000.00
	Office Holders Expenses	176.67
	Land Registry Search	39.00
	Pension Brief Report	250.00
	Legal Fees (1)	45,141.20
	Stationery & Postage	82.15
	Legal Disbursements	723.72
	Statutory Advertising	212.49
	IT Support Disbursements	162.66
	IT Support	1,005.52
	Meeting Room Hire	329.00
		<u>(94,007.41)</u>
	UNSECURED CREDITORS	
(400,945.00)	Trade & Expense Creditors	NIL
(2,800,000.00)	Directors Loan Account	NIL
(20,000.00)	HM Revenue & Customs - VAT	NIL
Uncertain	Bolton County Council	NIL
Uncertain	HM Revenue & Customs PAYE/NIC	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(1.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(3,072,223.80)		<u>10,869.09</u>
	REPRESENTED BY	
	Vat Receivable	18,637.97
	Bank 1 Current	10,758.64
	Vat Payable	(733.34)
	Vat Control Account	(17,794.18)
		<u>10,869.09</u>



Gareth Howarth
Joint Liquidator

Appendix III**Detailed list of work undertaken for Asons Solicitors Limited in Creditors' Voluntary Liquidation for the review period 24 March 2017 to 23 March 2018**

Below is detailed information about the tasks undertaken by the Joint Liquidator's.

General Description	Includes
Statutory and General Administration	
Statutory/advertising	Filing of documents to meet statutory requirements including annual receipts and payments accounts Advertising in accordance with statutory requirements Bonding the case for the value of the assets
Document maintenance/file review/checklist	Filing of documents Periodic file reviews documenting strategy Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing cheques/BACS payments
Planning / Review	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case
Books and records / storage	Dealing with records in storage Sending job files to storage
Pension scheme	Identifying whether there is a pension scheme Submitting the relevant notices if a pension scheme is identified Instructing and liaising with agents regarding any requirement to wind up the pension scheme
Reports	Circulating initial report to creditors upon appointment Preparing annual progress report, investigation, meeting and general reports to creditors Disclosure of sales to connected parties
Meeting of Creditors	Preparation of meeting notices, proxies/voting forms and advertisements notice of meeting to all known creditors Collate and examine proofs and proxies/votes to decide on resolutions Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Holding adjourned meeting of creditors Responding to queries and questions following meeting Issuing notice of result of meeting.
Investigations	
SIP 2 Review	Collection and making an inventory of company books and records Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company Reviewing company's books and records Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with the committee/creditors or major creditors about further action to be taken
Statutory reporting on conduct of director(s)	Preparing statutory investigation reports Liaising with Insolvency Service Submission of report with the Insolvency Service Preparation and submission of supplementary report if required Assisting the Insolvency Service with its investigations
Litigation / Recoveries	Strategy meeting regarding litigation Seeking funding from creditors/third parties Liaise with HM Revenue & Customs regarding Employee Benefit Trust Reviewing terms of solicitors' fee agreements Preparing brief to solicitors/Counsel Liaising with solicitors regarding recovery actions Dealing with ATE insurers Attending to negotiations Attending to settlement matters

ANNUAL PROGRESS REPORT OF ASONS SOLICITORS LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION

General Description	Includes
Realisation of Assets	
Cash at Bank	Liaising with bank, Solicitors Regulation Authority and solicitors regarding cash at bank, sale proceeds, office and client account funds
Costs receivable	Liaising with insurers, solicitors and third parties regarding ongoing claims Collecting supporting documentation Correspondence with insurers/solicitors Reviewing and assessing ledgers Agreeing collection agreements Dealing with disputes, including communicating with directors/former staff Pursuing credit insurance claims
Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
Creditors	
Creditor Communication	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Assisting employees to pursue claims via the RPO Corresponding with the PPF and the Pensions Regulator Draft report to HM Revenue & Customs
Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with RPO regarding POD when not related to a dividend
Processing proofs of debt	Preparation of correspondence to potential creditors inviting submission of POD Receipt of POD Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication Seeking solicitors' advice on the validity of secured creditors' claims and other complex claims
Creditors Committee	Holding an initial meeting of the Committee Reporting to committee members Seeking the committee's approval on case strategy Calling and holding meetings of the committee as required and the circumstances of the case dictate

Appendix IV

Time costs summary for review period 24 March 2017 to 23 March 2018 & comparison with original estimate

SIP9 Asons Solicitors Limited - Creditors Voluntary Liquidation - 80AS159.CVL : Time Costs Analysis From 13/04/2017 To 23/03/2018

Staff Grade	Consultant/Partner	Director	Sr Mngr	Mngr	Asst Mngr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	1.0		0.7			1.2				2.9	822.00	283.45
Administration			2.9			0.4		14.9		18.2	2,608.00	143.30
Total for General Case Administration and Planning	1.0		3.6			1.6		14.9		31.1	3,430.00	110.29
Compliance with the Insolvency Act, Rules and best practice	4.0							0.3	0.1	4.0	1,560.00	390.00
Appointment												
Banking and Bonding												
Case Closure												
Statutory reporting and statement of affairs			3.5					1.0		4.5	1,195.00	265.56
Total for Compliance with the Insolvency Act, Rules and best practice	4.0		3.5					1.0		8.5	3,755.00	441.76
Investigations	24.5	0.1	97.0			18.7		12.1		152.4	42,414.50	278.31
CCDA and investigations												
Total for Investigations	24.5	0.1	97.0			18.7		12.1		152.4	42,414.50	278.31
Realisation of assets	4.0		0.5					0.4		0.5	155.00	310.00
Debt collection												
Property, business and asset sales			4.2			7.5		0.4		16.1	4,238.50	263.26
Retention of Title/Third party assets												
Total for Realisation of assets	4.0		4.2			7.5		0.4		16.1	4,238.50	263.26
Trading												
Total for Trading												
Dealing with all creditors claims (including employees), correspondence and distributions			15.3			0.3		1.4		17.0	4,949.50	291.15
Secured												
Others												
Creditors committee												
Total for Dealing with all creditors claims (including employees), correspondence and distributions	16.0		15.3			0.3		1.4		32.0	8,298.50	259.34
Other matters which include seeking decisions of creditors, meetings, tax, litigation, pensions and travel												
Seeking decisions of creditors												
Meetings			11.3							11.3	3,503.00	310.00
Other												
Tax												
Litigation												
Total for Other matters			11.3							11.3	3,503.00	310.00
Total hours by staff grade:	43.5	0.1	135.4			28.1		30.1	0.1	237.3		
Total time cost by staff grade:	17,182.50	34.50	40,000.00			4,917.50		3,311.00	11.00	66,449.50		
Average hourly rate £:	395.00	345.00	295.44			175.00	0.00	110.00	110.00			275.85
Total fees drawn to date £:											15,000.00	

Time Entry - Detailed SIP9 Time & Cost Summary

A04 - Asons Solicitors Limited
 From: 24/03/2017 To: 23/03/2018
 All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	22.10	39.00	12.00	0.00	73.10	14,956.00	204.60
104 : Maintenance of records	0.80	1.00	0.00	0.00	1.80	398.00	221.11
105 : Statutory reporting	5.00	1.00	0.00	0.00	6.00	1,490.00	248.33
106 : VAT and Tax Returns	0.60	0.00	2.25	0.00	2.85	493.50	173.16
107 : Case Monitoring	1.60	0.00	0.00	0.00	1.60	416.00	260.00
Administration & Planning	30.10	41.00	14.25	0.00	85.35	17,753.50	208.01
600 : Cashiering	0.00	0.00	0.50	0.00	0.50	75.00	150.00
601 : Postings	3.00	0.00	0.00	0.00	3.00	780.00	260.00
603 : Billings	0.70	0.00	0.25	0.00	0.95	219.50	231.05
604 : Banking	1.40	0.00	0.00	0.80	2.20	468.00	212.73
Case specific matters	5.10	0.00	0.75	0.80	6.65	1,542.50	231.95
500 : Creditors	16.20	14.25	18.75	2.30	51.50	10,031.00	194.78
501 : Communication	0.70	13.50	19.25	0.00	33.45	5,634.50	168.45
502 : Claims inc. emp. prels	1.70	4.00	2.50	0.00	8.20	1,577.00	192.32
504 : Committee Reporting	8.30	23.00	12.75	0.00	44.05	8,440.50	191.61
Creditors	26.90	54.75	53.25	2.30	137.20	25,683.00	187.19
200 : Investigations	7.50	5.00	12.00	0.00	24.50	4,700.00	191.84
202 : CDDA reports	1.10	1.00	0.00	0.00	2.10	476.00	226.67
203 : Antecedent transactions	4.40	0.00	0.00	0.00	4.40	1,144.00	260.00
Investigations	13.00	6.00	12.00	0.00	31.00	6,320.00	203.87
300 : Realisation of assets	6.00	4.00	7.25	0.00	17.25	3,407.50	197.54
Realisation of Assets	6.00	4.00	7.25	0.00	17.25	3,407.50	197.54
Total Hours	81.10	105.75	87.50	3.10	277.45	54,706.50	197.18
Total Fees Claimed						30,000.00	

Time Entry - SIP9 Time & Cost Summary

Category 2 Disbursements

A04 - Asons Solicitors Limited
 All Post Appointment Project Codes
 From: 24/03/2017 To: 23/03/2018

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest.

Transaction Date	Type and Purpose	Amount
21/04/2017	Category 2 Disbursements: Post Appointment Photocopying	94.50
24/05/2017	Category 2 Disbursements: committee meeting - M4 GJW - Squire Patton Boggs Leeds	37.17
	Total	131.67

Asons Solicitors Limited

SIP 9 - Estimated Time & Cost Summary

Time Summary

Classification Of Work Function	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	10.00	20.00	0.00	22.00	52.00	10,820.00	208.08
Investigations	14.00	22.00	0.00	24.00	60.00	12,930.00	215.50
Realisation Of Assets	4.00	8.00	0.00	8.00	20.00	4,240.00	212.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	12.00	18.00	0.00	24.00	54.00	11,250.00	208.33
Total Hours	40.00	68.00	0.00	78.00	186.00	39,240.00	210.97

Appendix V

Expenses summary for period, cumulative & comparison with estimate for Asons Solicitors Limited Limited

Below are details of the Joint Liquidator's expenses for the review period 24 March 2017 to 24 March 2018

Expenses	Original expenses estimate £	Actual expenses incurred in the Review Period £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Category 1 Expenses			
Legal costs	20,000.00	89,148.00	Significant additional work in respect of litigation, initial meetings of creditors, reviewing claims, seeking funding, negotiating with SRA.
Agents' and valuers' costs	3,000.00	Nil	n/a
Advertising	212.50	212.49	n/a
Postage	22.50	82.15	Additional circulars due to adjourned meeting of creditors, significant increase in creditor claims received.
Bank charges	25.00	Nil	n/a
Bonding	780.00	885.00	Appointment of Joint Liquidator
Document Storage	85.00	Nil	n/a
Meeting Room	12.50	329.00	Adjourned meetings with large attendance
Pension Brief Report	Nil	250.00	S120 resulted in undisclosed pension scheme
Land Registry Search	Nil	39.00	Investigation into assets
IT Support	Nil	1,162.78	Required to access company records.
IT Support Disbursements	Nil	162.66	
Total	24,137.50	92,271.08	
Category 2 Expenses			
Files and indices	50.00	250.00	Increase in number of creditors and additional litigation.
Photocopying	93.25	131.67	Increase in number of creditors and additional litigation.
Travel	Nil	45.00	Additional meetings, appointment of committee
Total	143.25	426.67	

Appendix VI

A Creditors' Guide to Fees, Path Business Recovery Limited and Begbies Traynor LLP's charge-out rates and disbursement policy

HOURLY CHARGE-OUT RATES OF THE STAFF OF PATH BUSINESS RECOVERY LIMITED AS AT 15 JULY 2016:-

	£
Insolvency Practitioner	260.00
Manager	190.00
Associate	150.00
Administrator/Support Staff	130.00
Cashier	100.00

Minimum charge-out will be in six minute units.

DISBURSEMENTS**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.

Examples of equivalent costs that may be reimbursed to the office holders without up lift and do not require prior approval are given below:

Category	Basis of Charge
Indemnity Bond	At cost of mandatory cover required in accordance with the Insolvency Act 1986 for each appointment
Insurance of Assets	At cost in relation to asset coverage requirements
Company Searches	At cost incurred
Travel	All forms other than mileage at actual cost
Room Hire	All external venues at actual cost
Stationery	At cost incurred
Storage Charge	At actual cost incurred for storage (and retrieval, when appropriate) of records
Postage	At actual cost charged
Other	At actual cost charged

Category 2 Disbursements

These are costs that are directly referable to the appointment in question but not 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. In the event of charging for Category 2 disbursements the following items of expenditure are recharged on the basis specified:

Category	Basis of Charge
Business Mileage	Motor vehicle at 45p per mile
Photocopying	Specific calculation of 25 pence per sheet x number of creditors
Facsimiles	£1 for first page and 10 pence for each additional page

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holder or his staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery or relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Provision of Services Regulations 2009 – England & Wales

The following information is provided in accordance with our obligations under The Provision of Services Regulations 2009.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, his note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	60 - 110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.



Guidance Note

**LIQUIDATIONS
A CREDITOR'S GUIDE TO
INSOLVENCY
PRACTITIONERS' FEES**

Amended for changes introduced by
The Insolvency (England and
Wales) Rules 2016

6 April 2017

LIQUIDATIONS - A CREDITORS' GUIDE TO INSOLVENCY PRACTITIONERS' 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 (also referred to in this guide as 'remuneration'). 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 participate in the appointment of the liquidator. A solvent liquidation is called a members' voluntary liquidation. It should be noted that this guide does not extend to members' voluntary liquidations as the fees in these cases are not determined by the creditors.*
- 2.3 In a compulsory liquidation, the function of the 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 the specialist skills of an insolvency practitioner are required or the majority of creditors request the appointment of an insolvency practitioner, an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver. Where an insolvency practitioner is not appointed the official receiver remains as 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. An invitation to decide on whether a committee is to be established will be sent to creditors at the same time as a decision is sought on the appointment of a liquidator. 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 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 fees

4.1 Basis

4.1.1 The basis for fixing the liquidator's fees is set out in Rules 18.16, 18.17, 18.19 and 18.20 of the Insolvency (England and Wales) Rules 2016. The Rules state that the basis of fees must be fixed:

- as a percentage of the value of the assets which are realised, distributed or both, by the liquidator
- 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.

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

4.2 Advance information where fees are not based on time costs

4.2.1 Prior to the determination of the basis of fees, the liquidator must give the creditors details of the work the liquidator proposes to undertake, and the expenses he considers will be, or are likely to be, incurred.

4.3 Fees estimates where fees are to be based on time costs

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

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

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

4.4 Who fixes the fees?

4.4.1 It is for the liquidation committee (if there is one) to determine on which of these bases, or combination of bases, the fees are to be fixed. Where it is fixed as a set amount or a percentage, it is for the committee to determine the amount, percentage or percentages to be applied. Rule 18.16 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 property with which the liquidator has to deal.

4.4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's fees may be fixed by a decision of the creditors by a decision procedure. The creditors take account of the same matters as apply in the case of the committee.

4.4.3 If the fees are 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 fees 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 calculated in accordance with a scale set out in the Rules.

4.4.4 Where the liquidation follows directly on from an administration in which the liquidator had acted as administrator, the basis of fees fixed in the administration continues to apply in the liquidation).

5. Review of fees

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

6 What information should be provided by the liquidator?

6.1 General principles

6.1.1 The liquidator should provide those responsible for approving his fees with sufficient information to enable them to make an informed judgement about the reasonableness of the liquidator's request. The information should be presented in a manner which is transparent, consistent throughout the life of the case and useful to creditors, while being proportionate to the circumstances of the case.

6.1.2 A proposed liquidator may issue a fees estimate to creditors prior to being appointed liquidator.

6.1.3 The liquidator should disclose:

- payments, fees and expenses arising from the administration paid to the liquidator or his or her associates;
- any business or personal relationships with parties responsible for approving the liquidator's fees or who provide services to the liquidator in respect of the insolvency appointment where the relationship could give rise to a conflict of interest.

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

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

6.2 Key issues

6.2.1 The key issues of concern to those with a financial interest in the level of payments from the insolvency estate will commonly be:

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

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

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

6.3 Fee estimates and subsequent reports

6.3.1 When providing a fees estimate, the liquidator should supply that information in sufficient time to facilitate those with the authority to approve fees making an informed judgement about the reasonableness of the liquidator's requests. The estimate should clearly describe what activities are anticipated to be conducted in respect of the estimated fee.

6.3.2 When subsequently reporting to creditors, the actual hours and average rate (or rates) of the costs charged for each activity should be provided for comparison.

6.4 Disbursements

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

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

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

6.4.3 The following are not permissible as disbursements:

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

6.5 Payment of pre-appointment expenses

6.5.1 The following categories of expenses may be paid out of the company's assets, either before or after the commencement of the winding up, as an expense of the winding up:

- any reasonable and necessary expenses of preparing the statement of affairs
- any reasonable and necessary expenses of the decision procedure or deemed consent procedure to seek a decision from the creditors on the nomination of liquidator

6.5.2 If payment has not been made pre-commencement of the liquidation, payment may not be made to the liquidator or any associate of the liquidator, otherwise than with the approval of the liquidation committee, creditors or the court.

6.5.3 Disclosure should be made of amounts already paid to the liquidator in respect of pre-appointment costs, giving the amounts paid, the name of the payer, and its relationship to the estate and the nature of the payment.

6.5.4 Disclosure should follow the principles and standards as set out in this Guidance.

6.6 Realisations for secured creditors

6.6.1 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 in any reports he sends to creditors.

7. Exceeding the amount set out in the fees estimate

7.1 Fees cannot be drawn in excess of the fees estimate without approval by the body which fixed the original basis of the fee. The request for approval must specify –

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

8. Progress reports and requests for further information

8.1 The liquidator is required to send annual progress reports to creditors. In addition to the items described above and especially those in paragraph 6.2.1, the reports must include:

- details of the basis fixed for the fee 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 fee 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 fee charged during the periods covered by the previous reports, together with a description of the things done during those periods, irrespective of whether payment was actually made during the period of the report;
- a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period;
- details of progress during the period of the report, including a summary of the

- receipts and payments during the period;
- details of what needs to be done;
- where appropriate, a statement setting out whether, at the date of the report –
 - the fee expected to be charged is likely to exceed the fees estimate or any approval given;
 - the expenses incurred or expected to be incurred are likely to exceed, or have exceeded, the details given to the creditors prior to the determination of the basis of fees; and
 - the reason for that excess.
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the liquidator's fees and expenses.

8.2 Within 21 days of receipt of a progress report a creditor may request the liquidator to provide further information about the fees and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

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

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

in which case he must give the reasons for not providing some or all of the information.

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

9. Provision of information – additional requirements

9.1 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.

9.2 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.

9.3 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.

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

10. What if a creditor is dissatisfied?

10.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees.

10.2 If a creditor believes that the liquidator's fees are excessive, the basis is inappropriate, or

the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

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

11. What if the liquidator is dissatisfied?

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

12 Other matters relating to fees

- 12.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.
- 12.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the fee payable should be apportioned. Any dispute between them may be referred to the court, the committee or the creditors.
- 12.3 If a new liquidator is appointed in place of another, any determination, decision 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, decision or court order is made.
- 12.4 Where the basis of the fees 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 fees. Where the outgoing liquidator and the incoming liquidator are from the same firm, they will usually agree the apportionment between them.
- 12.5 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.

13. Effective date

This guide applies where a liquidator is appointed on or after 1 October 2015, or where information is provided by the liquidator about fees, expenses or other payments after 6 April 2017.

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	Phillip Lawrence
Company name	Path Business Recovery Limited
Address	Flint Glass Works 64 Jersey Street
Post town	Ancoats Urban Village
County/Region	Manchester
Postcode	M 4 6 J W
Country	
DX	
Telephone	0161 413 0999

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