

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Sisson & French Limited

Company number
02926109

In the High Court of Justice Birmingham District Registry
(full name of court)

Court case number
8470 of 2011

(a) Insert full name(s) and address(es) of administrator(s)

We
 Nickolas Garth Rimes and Adam Peter Jordan
 Rimes & Co
 Bridge House
 Riverside North
 Bewdley
 Worcestershire
 DY12 1AB


Joint Administrators of the above company attach a progress report for the period

(b) Insert date

From
21 September 2011

To
14 September 2012

Signed


 Joint Administrator

Dated

14 September 2012

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

Nick Rimes
 Rimes & Co
 Bridge House
 Riverside North
 Bewdley
 Worcestershire
 DY12 1AB

DX Number

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 A5J 20/09/2012 #157
 COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

SISSON & FRENCH LIMITED
IN ADMINISTRATION
Joint Administrators' Final Progress Report to Creditors

STATUTORY INFORMATION

Company Name	Sisson & French Limited
Registered Number	02926109
Date of Incorporation	5 May 1994
Registered Office	Bridge House Riverside North Bewdley DY12 1AB
Former Registered Office	Lows Lane Stanton by Dale Ilkeston Derbyshire DE7 4QU
Trading Address	Lows Lane Stanton by Dale Ilkeston Derbyshire DE7 4QU
Principle Trading Activity	Haulage
Joint Administrators' Names	Nickolas Garth Rimes and Adam Peter Jordan
Joint Administrators' Address	Bridge House Riverside North Bewdley DY12 1AB
Date of Appointment	21 September 2011
Court Name and Reference	Birmingham District Registry Case number 8470 of 2011
Appointment made by	Qualifying Floating Charge Holder Boston Commercial Finance Limited
Joint Administrators' actions	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

The EC Regulations on Insolvency Proceedings (Council Regulation (EC) No 1346/2000 of 29 May 2000) applies to this Administration and the proceedings are main proceedings

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RECEIPTS AND PAYMENTS ACCOUNT

The Joint Administrators' Receipts and Payments Account for the period of the Administration, 21 September 2011 to 14 September 2012, are attached at **Appendix A**

ASSETS

Book Debts

As previously reported the Company factored its sales ledger with Boston Commercial Finance Limited ("Boston")

We previously advised that Boston had successfully collected the sums due to them under the terms of their Debenture and the sales ledger would be re-assigned to the Company

Accordingly, the outstanding sales ledger which had a balance of £9,000 was re-assigned. However, it soon became apparent that a large proportion of the ledger was in dispute and as a result we have only been able to collect £478 23

Tangible Assets

At the date of Administration it was understood that the Company did not own any tangible assets and all assets used by the Company were subject to leased agreements with County Asset Finance Limited ("County")

Further to our appointment we were made aware of assets located at the Company's former trading premises, consisting of plant and machinery. County confirmed that these assets were not subject to the finance agreements held with them

We therefore conducted further investigations into the identity of these assets. Unfortunately, we were unable to obtain any detailed information from the Director

Regardless, we instructed agents MGR Appraisals Limited ("MGR") to provide a valuation of the assets in question. MGR subsequently advised that the assets were of minimal value, and any realisable value would be outweighed by the cost of removal. We therefore made the decision, on commercial grounds, to abandon these assets

Trailers

Prior to our appointment eight trailers that were owned by the Company were stolen. This incident was reported to the police and a claim was made via the Company's insurance company

Unfortunately, the Company's insurers did not pay out on the claim as the trailers were not being stored at the Company's premises at the time of the incident and these details for insurance purposes had not been disclosed in accordance with the terms of the policy

Contribution to Costs

A Winding up Petition was presented against the Company immediately prior to the Administration. Following our appointment we instructed solicitors, Vicarage Court ("Vicarage") to attend the hearing on behalf of the Company

Boston made a contribution of £1,600 towards the subsequent legal costs incurred by Vicarage

Bank Interest

Funds have been held on an interest bearing account and the estate has received interest of 28 pence, before taxation

There will not be any further realisations in this matter

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company granted an All Assets Debenture to Boston that was created on 26 July 2012 and registered on 27 July 2010

The Company entered into a factoring agreement with Boston and during the course of the Administration Boston have been able to collect all sums due to them under the terms of their Debenture

Preferential Creditors

Claims relating to preferential creditors were anticipated to be in the sum of £11,777. Despite numerous requests we have not received a formal claim from the Redundancy Payments Office to confirm the details of their claim in this matter

However, there are insufficient funds available to the Joint Administrators to enable a distribution to be made to the Company's preferential creditors

Unsecured Creditors

Section 176A of the Insolvency Act 1986 (as amended) provides that where a company has granted a floating charge after 15 September 2003 ('Qualifying Floating Charge'), the Administrator must make a prescribed part of the Company's net property available for the unsecured creditors. Net property means the amount that would, if not for this section, be available for distribution to a floating charge holder out of floating charge assets

The prescribed part is calculated by reference to the following scale,

- 50% of the first £10,000 of net property,
- 10% of net property thereafter,
- Up to a maximum amount to be made available of £600,000

An Administrator will not be required to set aside the prescribed part if

- The net property is less than £10,000 and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, or
- He applies to Court for an order on the grounds that the cost of distribution the prescribed part would be disproportionate to the benefit and the Court orders that the provision shall not apply

In this case the prescribed part does not apply as the net property is less than £10,000

SUMMARY OF THE JOINT ADMINISTRATORS' PROPOSALS

The following Proposals were deemed approved 8 days after they were sent to creditors, namely 23 November 2011

- That the actions of the Joint Administrators to date are approved and that the Joint Administrators remain in office

- They continue to manage the business, affairs and property of the Company in order to achieve the following purposes of Administration, namely
 - realising property in order to make a distribution to preferential creditors
- The Joint Administrators will collect any assets to which the company is entitled of which they become aware
- That any claims of a preferential nature emerge, the Joint Administrators be authorised to agree such claims and settle them in full
- It is proposed that the exit route from Administration will be either the Dissolution of the company or, if there are funds to distribute to the Company's unsecured creditors, a Creditors' Voluntary Liquidation. If the Company enters a Creditors' Voluntary Liquidation, it is proposed that we the Joint Administrators will be appointed as the Company's Joint Liquidators. In addition, it is proposed that any act required or authorised under any enactment by the Joint Liquidators is to be done by one or both of them. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2.117(3) of the Rules, creditors may nominate a different person as the proposed Liquidator provided that the nomination is made after the receipt of the Proposals and before the proposals are approved
- The Administration will continue until the Proposals have been fully implemented, as set out above. An extension will be sought if the time required to conclude the Administration, is likely to exceed 12 months
- That any unpaid costs of the Administration be given priority over the costs of any future insolvency procedure
- That the Joint Administrators be discharged from all liabilities pursuant to Paragraph 98 of Schedule B1 to the Act, upon filing notice for the Liquidation or Dissolution of the Company or upon termination of the Administration

Unfortunately it has not been possible to realise property in order to make a distribution to preferential creditors

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

The Joint Administrators 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, funds likely to be available to fund an investigation, and the costs involved

There were no matters that justified further investigation in the circumstances of this appointment

Within six months of the Joint Administrators' appointment a confidential report was submitted to the Secretary of State, which included any matters that came to the attention of the Joint Administrators during the course of their work which may have indicated that the conduct of any past or present Director would make them unfit to be concerned with the management of the company

PRE-ADMINISTRATION COSTS

The Joint Administrators did not incur any pre-appointment costs

JOINT ADMINISTRATORS' REMUNERATION

The Joint Administrators' remuneration was authorised by the Company's secured creditor who duly authorised that the Joint Administrators may charge their remuneration on the basis of time properly given by them and their staff in attending to matters arising in the Administration, and that the Joint Administrators may draw fees as and when funds are available

The Joint Administrators time costs for the period of the Administration amount to £11,156 50 which represents 63 80 hours spent on this case, at an average hourly charge out rate of £174 87

In accordance with Statement of Insolvency Practice 9, the Joint Administrators are required to provide creditors with details of their total time costs by reference to the grade of staff involved with the case and the tasks on which they have been engaged and this is provided at **Appendix C**

Creditors will note from the attached Receipts and Payments Account that the sum of £431 16 has been drawn and all outstanding time costs have been written off

A description of the routine work undertaken in the administration to date is as follows

- 1 Administration and Planning
 - Preparing the documentation and dealing with the formalities of appointment
 - Initial case planning
 - Maintaining physical case files and electronic case details on IPS case management software
 - Calculating and obtaining the bordereau
 - Periodic case reviews and administration
- 2 Cashiering
 - Maintaining and managing the Joint Administrators' cashbook and bank account
 - Ensuring statutory lodgements and required tax Returns to HMRC are met
- 3 Creditors
 - Dealing with creditor correspondence and telephone conversations
 - Preparing and issuing the Joint Administrators Proposals
 - Preparing and issuing Progress Reports to creditors
 - Maintaining creditor information on IPS case management software
 - Reviewing, and adjudicating on if necessary, proofs of debt received from creditors
 - Instructing solicitors to attend the Court hearing of the Winding Up Petition
- 4 Investigations
 - Review and storage of books and records
 - Prepare a return pursuant to the Company Directors Disqualification Act
 - Conduct investigations into suspicious transactions
 - Review books and records to identify any transactions or actions an administrator may take against a third party in order to recover funds for the benefit of creditors
- 5 Realisation of Assets
 - Liaising with agents to provide a valuation of the Company's chattel assets
 - Liaising with the Company's insurance brokers regarding the insurance claim made pre appointment, regarding the stolen trailers
 - Liaising with Boston in relation to the re-assignment of the debtor ledger
 - Liaising with County in relation to the equipment subject to finance

If you require further information relating to the Joint Administrators' remuneration, expenses and disbursements please refer to **Appendix E**. This also gives details of your rights as a creditor in this regard.

JOINT ADMINISTRATORS' EXPENSES

The Joint Administrators' disbursements to 14 September 2012 amount to £317.75. A breakdown of these disbursements can be found at **Appendix D**.

Category 1 disbursements represent payments made by Rimes & Co which have been re-charged at cost, and Category 2 disbursements have been recovered from the estate at the allocated rates. Further details of these rates are set out at **Appendix B**.

The following agents or professional advisors have been utilised in this matter:

Professional Advisor	Nature of Work	Fee Arrangement
Vicarage Court Solicitors	Solicitors	Time cost basis
MGR Appraisals Limited	Agents and valuers	Fixed fee

The choice of professionals was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them. The fees charged have been reviewed and we are satisfied that they are reasonable in the circumstances of this case.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Administrators' 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 unsecured creditors (including the creditor in question), apply to Court to challenge the amount and/or basis of the Joint Administrators' 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.

DIVIDEND PROSPECTS

Preferential Creditors

There are insufficient funds available to enable a dividend to be declared to preferential creditors in this matter.

Unsecured Creditors

There are insufficient funds available to enable a dividend to be declared to unsecured creditors in this matter.

SUMMARY

Due to the lack of asset recoveries during the Administration we have not been able to make a payment to any class of creditor. In order to conclude the Administration the Joint Administrators are seeking to exit the Administration by Dissolution of the Company.

The Company will be Dissolved automatically three months after the date that the report and Form 2.35B is registered at Companies House. No further action is required on your part.

Should you have any queries regarding this matter please contact Kate Conneely on 01299 406 355

Yours faithfully
For and on behalf of Sisson & French Limited



A P Jordan
Joint Administrator

*The affairs, business and property of the Company are being managed by the Joint Administrators
The Joint Administrators act as agents of the Company and without personal liability*

Joint Administrators' Receipts and Payments Account

	Estimated to Realise £	21/09/2011 to 14/09/2012	Total £
Receipts			
Book Debts	28,251 00	478 23	478 23
Contribution to Costs	0 00	1,600 00	1,600 00
Interest (net of tax)		0 28	0 28
	<u>28,251 00</u>	<u>2,078 51</u>	<u>2,078 51</u>
Payments			
Legal Fees		1,250 00	1,250 00
Legal Disbursements		35 00	35 00
Statutory Advertising		63 50	63 50
Joint Administrators' Disbursements		298 85	298 85
Joint Administrators' Remuneration		431 16	431 16
		<u>2,078 51</u>	<u>2,078 51</u>
Opening Funds		2,078 51	
Net Receipts/(Payments)		2,078 51	
Funds in Hand		<u>0 00</u>	

Sisson & French Limited - In Administration

Guidance for creditors on charge out rates and allocated disbursements

Charge out rates

It is anticipated that the following grades of personnel will work on this case. Their current charge-out rates are set out below.

Grade of personnel	Hourly charge out rate (£)
Partner	275 - 325
Manager	220 - 275
Administrator	110 - 150
Cashiering & Secretarial	50 - 110

Time is charged in units of 6 minutes. In common with other professional firms, our charge-out rates increase from time to time over the period of administration of a case. Subcontractors, if used, will be recharged at cost.

Allocated disbursements

Details of the proposed charges for which approval is required are set out below.

- Meeting room charge for statutory meetings, charged at £60 per meeting summoned (members' and creditors' meetings on the same day treated as one meeting)
- Facsimiles are charged at £1 per page and photocopying is charged at a cost of 15p per page
- Envelopes for all circulars to creditors are re-charged to the case at 20p per C4 window envelope
- Business rate mileage, at a cost of between 40p and 80p per mile in relation to the running costs of different classes of vehicle

It should be noted that the above costs might increase from time to time. However, this would only be as a result of inflationary increases or in line with increases from my suppliers.

Sisson & French Limited - In Administration

Appendix C

SIP 9 - Time & Cost Summary
Period 21 September 2012 to 14 September 2012

Time Summary

Classification of work function	Hours			Total Hours	Time Costs £	Avg hourly rate £
	Partner	Manager	Administrator			
Admin & Planning	9 80	0 00	26 40	36 20	6,726 00	185 80
Taxation	0 00	0 00	0 00	0 00	0 00	0 00
Investigations	0 60	0 00	4 50	5 10	770 00	150 98
Realisation of Assets	3 60	0 00	1 60	5 20	1,298 00	249 62
Employee Claims	0 00	0 00	2 00	2 00	290 00	145 00
Creditors	0 00	0 00	4 80	4 80	606 00	126 25
Statutory Reporting	0 70	0 00	9 80	10 50	1,466 50	139 67
Total Hours	14 70	0 00	49 10	63 80		
Total Time Costs (£)	4,567 50	0 00	6,589 00		11,156 50	
Average Hourly Rate by Grade (£)	310 71	0 00	134 20			174 87

Joint Administrators' disbursements and expenses to 14 September 2012

Disbursements incurred and paid

	Incurred £	Unpaid £	Paid £
Category 1			
Postage	14 85	0 00	14 85
Specific Bond	104 00	0 00	104 00
Counsel's Fees	180 00	0 00	180 00
	<u>298 85</u>	<u>0 00</u>	<u>298 85</u>

Category 2

Envelopes	5 40	5 40	0 00
Photocopying	13 50	13 50	0 00
	<u>18 90</u>	<u>18 90</u>	<u>0 00</u>

Expenses incurred and paid

Expense	Paid to	Basis of payment	Incurred £	Unpaid £	Paid £
Legal Fees	Vicarage Court Solicitors	Time Costs			
Legal Disbursements	Vicarage Court Solicitors	Standard Tariff			
Statutory Advertising	Courts Advertising	Set Fee			
Legal Fees	Vicarage Court Solicitors		1,250 00	0 00	1,250 00
Legal Disbursements	Vicarage Court Solicitors		35 00	0 00	35 00
Statutory Advertising	Courts Advertising		63 50	0 00	63 50
			<u>1,348 50</u>	<u>0 00</u>	<u>1,348 50</u>

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually 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 administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator 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 a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed
- as a percentage of the value of the property which the administrator has to deal with,
 - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
 - as a set amount

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

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 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 administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company, and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request

that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6. Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7. What information should be provided by the administrator?

7.1 When seeking remuneration approval

7.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case.

7.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an

analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

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

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 7.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

7.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 7.1.3. Where the fee is charged on a percentage

basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. Professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

8 Progress reports and requests for further information

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) 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 administrator 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 administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

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

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

9 Provision of information – additional requirements

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

The information which must be provided is –

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

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

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

10 What if a creditor is dissatisfied?

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

10.2 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 administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration

11 What if the administrator is dissatisfied?

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors 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 creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's 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 as an expense of the administration

12 Other matters relating to remuneration

- 12 1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 12 2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.
- 12 3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 12 4 Where the basis of the remuneration is a set amount, and the administrator 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 administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13. Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date