



GEOFFREY
MARTIN
& CO

26 June 2014

To All Known Creditors

Our Ref SG/DO/GOLD401/RB/Annual



Dear Sirs

Goldvogue Limited - In Compulsory Liquidation ("the Company")
In the High Court of Justice No 903 of 2010
Company Number: 06810289
Registered Office. C/o Geoffrey Martin & Co, 7 - 8 Conduit Street, London W1S 2XF

I refer to my appointment as Liquidator of the Company by the Secretary of State on 30 April 2012

I am writing to provide my second annual progress report on the Liquidation following the anniversary of my appointment

Receipts and Payments Account

I enclose my Abstract of Receipts and Payments for the periods 30 April 2013 to 29 April 2014 and 30 April 2012 to 29 April 2014 at Appendix A. As required, any funds received will be held in the Insolvency Services Account. The account is a non-interest bearing account and has been reconciled with that held by the Secretary of State.

Introduction

On my appointment, the Official Receiver confirmed that a winding up order had been made against the Company on 14 November 2011 on the petition of United Fashion Brands Limited ("UFB"). It was stated that UFB had a claim of approximately £197,000 against the Company in respect of clothing supplied to it.

The Official Receiver had been unable to make contact with the Company's director, Kalvinder Sandhu, and therefore had limited information regarding the Company's affairs. The Official Receiver's handover report advised that the Company has no known assets.

As advised in my first annual progress report, my primary focus of the Liquidation was to try and make contact with the director and carry out my investigations into the affairs of the Company and its officers.

Geoffrey Martin & Co Limited
7 - 8 Conduit Street
London
W1S 2XF
United Kingdom

T +44 (0)20 7495 1100
F +44 (0)20 7495 1144
E info@geoffreymartin.co.uk
www.geoffreymartin.co.uk

Geoffrey Martin & Co is the trading name of Geoffrey Martin & Co Limited. Registered in England. Registration number 08867423. Registered office: Century House, 29 Clarendon Road, Leeds LS2 9PG.

Unless otherwise stated, Licensed Insolvency Practitioners are authorised in the United Kingdom by the Insolvency Practitioners Association and when acting as Administrators or Receivers do so without personal liability.

Also at 4th Floor, St Andrew House, 119 - 121 The Headrow, Leeds, LS1 5JW, United Kingdom



Asset Realisations

There have been no asset realisations in the period covered by this report

Investigations

It is the responsibility of the Official Receiver to conduct investigations into the affairs of the Company and conduct of its officers in a Winding Up by the Court

I have, however, carried out my own investigations to establish if there are any potential assets to recover. I have also made enquiries to establish the whereabouts of the director

The Company's petitioning creditor, UFB, also requested me to undertake further investigations into the conduct of the Company's director in relation to various transactions made by the Company

My initial investigations identified a potential claim against a connected company, however this claim is speculative in nature and without undertaking further investigative work it remains uncertain as to whether pursuing this claim is commercially viable

I have written to UFB requesting confirmation as to whether they are willing to fund further investigative work in this regard. UFB responded confirming that they were not currently able to provide this additional funding, but would reconsider the position later in 2014. At the time of writing it remains uncertain as to whether UFB will provide any additional funding

In the event that additional funding is not made available by UFB I will have no option but to conclude my administration of the Liquidation and progress the case to closure

Secured Creditors

As previously reported the Company has no secured creditors

Preferential Creditors

The Official Receiver's report showed that there were no preferential claims expected against the Company. I confirm that no such claims have been received

Prescribed Part

The provisions of Section 176A to the Insolvency Act 1986, concerning the setting aside of an element of floating charge funds for the benefit of unsecured creditors, do not apply in this regard as there is no floating charge registered against the Company

Unsecured Creditors

On my appointment, the only known unsecured creditor was UFB for approximately £197,000. I have since received a claim from HM Revenue & Customs in respect of unpaid VAT for £4,306 and £700 in respect of penalties for non-completion of a Corporation Tax Return for the period 4 February 2010 to 28 February 2011. These claims have not been adjudicated as there are insufficient funds in the Liquidation to pay a dividend to unsecured creditors

Notice of No Dividend

It is not anticipated that there will be a distribution to unsecured creditors as any realisations obtained in respect of the Company are not anticipated to exceed the costs and expenses of the Liquidation. Formal notice to that effect is accordingly hereby provided



O.R Disbursements & Department Business Innovations and Skills Fees

There are insufficient funds in the case to discharge the Official Receiver's debit balance in respect of his disbursements and the Department of Business Innovation and Skills fees

Petitioner's Costs

The petitioning creditor's costs have not been settled due to the lack of funds in the Liquidation

Basis of Remuneration and Disbursements

As stated in my appointment letter to creditors dated 10 May 2012, it is not my intention to convene a creditors' meeting pursuant to Section 141 of the Act for the purposes of appointing a Liquidation committee or passing a resolution in respect of my fees

In the event of any asset realisations, I will write to creditors to request a fee resolution in respect of my remuneration and disbursements

In common with professional firms, my firm's standard charging rates are reviewed periodically to take account of inflation and other matters affecting costs. Since the submission of my firm's Charging and Disbursements policy to creditors on 10 May 2012, there have been no increases to my charge out rates. Minor adjustments have been made to some disbursement charges to accommodate increased costs.

A copy of my firm's charging and disbursements policy is provided at Appendix B, for your information.

Remuneration and Disbursements Charged and Drawn

My outstanding time costs as at 29 April 2014 amounted to £20,083 and disbursements are £82. I have attached a breakdown of my time costs and disbursements incurred at Appendix C. I am required to provide the information in this format by Statement of Insolvency Practice 9.

Due to insufficient funds in the Liquidation, no fees or disbursements have been drawn. UFB, however, have paid a total of £6,250 plus VAT in respect of time spent by me and my staff in dealing with my investigations of the Company's affairs at their specific request. Of the total paid by UFB, £3,950 has been invoiced and discharged in the period from 30 April 2013 to 29 April 2014.

Expenses Charged and Drawn

Details of the costs incurred by me in relation to Liquidation expenses are also attached at Appendix C.

These costs have not yet been drawn as insufficient assets have been realised to defray them.

Creditors' Guide to Fees and Statement of Creditors' Rights

Further information relating to my remuneration, expenses and disbursements, together with details of your rights as a creditor in this regard can be found at Appendix D.

Miscellaneous

Please be advised that from 1 February 2014 Geoffrey Martin & Co became the trading name of Geoffrey Martin & Co Limited, registered in England number 08867423. This information is purely for notification purposes and does not affect your rights as a member or my appointment as Liquidator of the Company.



Matters Outstanding

There are no outstanding assets to realise in the Liquidation

The only outstanding matter is the resolution of my investigations. I am currently awaiting confirmation from UFB as to whether they are prepared to fund further investigations as detailed above

If you require any further information, please do not hesitate to contact Dane O'Hara at this office

Yours faithfully

Stephen Goderski
Liquidator

Stephen Goderski is licensed in the United Kingdom by the Insolvency Practitioners Association

**Goldvogue Limited
(In Liquidation)**

Liquidators Abstract Of Receipts And Payments

	Statement of affairs £	From 30/04/2013 To 29/04/2014 £	From 30/04/2012 To 29/04/2014 £
RECEIPTS			
	<u>-</u>	<u>-</u>	<u>-</u>
PAYMENTS			
Liquidation Costs			
Official Receiver's Disbursements		-	1,520 00
Department of Business Innovation and Skills Fees		88 00	172 00
		<u>88 00</u>	<u>1,692 00</u>
BALANCE - 30 June 2014			<u><u>(1,692 00)</u></u>
MADE UP AS FOLLOWS			
ISA NIB			(1,692 00)
			<u><u>(1,692 00)</u></u>

Case Name	Goldvogue Limited – In Liquidation
Office Holder	Stephen Goderski
Firm	Geoffrey Martin & Co
Address	7-8 Conduit Street London W1S 2XF
Telephone	020 7495 1100
Reference	SG/DO/GOLD401
Appointment Type	Compulsory Liquidation
Order Date	14 November 2011
Appointment Date	30 April 2012

CHARGING AND DISBURSEMENTS POLICY (Geoffrey Martin & Co)

Time Costs

The firm's hourly charge out rates are revised annually from 1 May. The rates currently in use are within the following bands

	£
Appointment Takers	325 – 400
Manager	220 – 285
Senior Administrator	140 – 250
Junior Administrator and Support Staff	65 – 150

Secretarial and cashiers time is charged to the case and their rates are included within the above hourly rates identified above as appropriate. Time is charged in units of six minutes.

Disbursements

A disbursement charge relating to the recovery of overhead costs is levied at the rate of £3.60 per creditor. This sum is drawn at the outset of the case and on each anniversary thereafter and covers printing, postage, stationery, photocopying, telephone and fax usage.

Company Searches and Identity Verifications are charged at cost.

Outsourced printing and/or photocopying will be charged at cost in addition to the above.

Travelling expenses are charged at the rate of 45p per mile.

GOLD401

Goldvogue Limited

SIP 9 - Time & Cost Summary

Period 30/04/12 29/04/14

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	1 50	0 20	16 00	10 50	28 20	5,805 00	205 85
Investigations	4 50	0 00	27 30	0 20	32 00	8,643 00	270 09
Creditors	1 50	0 40	19 30	1 30	22 50	5,635 00	250 44
Total Hours	7 50	0 60	62 60	12 00	82 70	20,083 00	242 84
Total Fees Claimed						6,250 00	

GOLD401

Goldvogue Limited

SIP 9 - Time & Cost Summary

Period 30/04/13 29/04/14

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	0 00	0 00	3 80	2 80	6 60	1,326 00	200 91
Investigations	0 00	0 00	1 90	0 00	1 90	475 00	250 00
Creditors	0 00	0 40	9 20	0 00	9 60	2,420 00	252 08
Total Hours	0 00	0 40	14 90	2 80	18 10	4,221 00	233 20
Total Fees Claimed						3,950 00	

Goldvogue Limited – In Liquidation (“the Company”)

Overview of Liquidator’s Time Spent

I detail below the key areas of work undertaken by me and my staff in respect of this matter (the list is not exhaustive) -

Administration and Planning

- Maintaining and reconciling the Liquidation bank account
- Liaising with the director regarding the completion of his questionnaires
- Statutory requirements imposed by the Insolvency Act and Rules 1986 and insolvency bodies
- Administrative setup and filling of all statutory paperwork
- Planning and monitoring the progress of the Liquidation
- Reviewing the Liquidation VAT and Corporation Tax position and liaising with HM Revenue & Customs regarding the preparation and lodgement of all outstanding VAT and Corporation Tax Returns

Investigations

- Investigations into the whereabouts of the director
- Investigations into the Company’s affairs and the director’s conduct
- Liaising with the Company’s former bankers to obtain information relating to the Company’s bank account
- Liaising with the petitioning creditor, United Fashions Brands Limited, regarding my investigations
- Liaising with Boyes Turner and Brecher LLP Solicitors regarding my investigations
- Liaising with various parties to establish information regarding the Company’s affairs including contact with the Company’s former solicitors and Company Secretary and other associated companies
- Liaising with Eitka Limited, Promotional Concepts (UK) Limited regarding transactions between them and the Company

Realisation of Assets

- Investigations into whether the Company has any assets
- Liaising with the Company’s director to establish whether the Company has any assets
- Reviewing the position regarding the Company’s furniture and computer

Creditors

- Communications with HM Revenue & Customs regarding the Company’s VAT and Corporation Tax position
- Dealing with creditor queries and claims, both oral and written
- Statutory reporting to creditors
- Reviewing creditors’ claims

Liquidation Expenses

In the event of any realisations, I am obliged to meet the following costs in priority to other Liquidation fees and expenses under my control -

Expense/Activity	Service Provider	Basis of selection	Basis of charging
Petition costs	Petitioning Solicitor	Petitioning creditor	Time costs & fees
OR debit balance	Insolvency Service	N/A	Actual cost
Ad valorem fees	Insolvency Service	N/A	Percentage scale
Cheque fees	Insolvency Service	N/A	Fee per cheque
ISA bank charges	Insolvency Service	N/A	Quarterly fee

Fees and expenses charged by the Insolvency Service are set down by Statutory Instrument

Liquidation expenses incurred and paid in this category are as follows -

Expense/Activity	Incurred 30/04/2012 to 29/04/2014 £	Incurred 30/04/2013 to 29/04/2014 £	Paid 30/04/2013 to 29/04/2014 £
Petition costs	To be confirmed	To be confirmed	-
OR debit balance	1,520	-	-
Ad valorem fees	-	-	-
Cheque fees	-	-	-
ISA bank charges	172	88	-
	1,692	88	-

None of the above costs of the Liquidation have yet been discharged due to lack of available funds in the Liquidation

Other Professional Costs of the Liquidation

I have engaged the services of Brecher LLP ("Brecher") to assist me in respect of reviewing certain transactions identified during the course of my investigations into the affairs of the Company and its officer. Brecher were chosen due to their experienced knowledge of insolvency matters.

I have not incurred any Liquidation expenses in connection with the instruction of the Brecher. At this stage, Brecher have only been instructed to provide advice.

The incurred expenses in connection with the instruction of the following parties are as follows -

Expense/Activity	Service Provider	Basis of selection	Basis of charging
Legal advice	Brecher LLP	Professional qualification and relevant experience	Not yet agreed

I have not yet incurred any time costs with Brecher in relation to this case.

Category 1 Disbursements

Appendix B contains details of the firm's policy on charging disbursements.

Category 1 disbursements comprise specific expenditure which relates to the administration of the Liquidation and which are paid by an independent third party.

In this case the amount incurred in respect of Category 1 disbursements totals £47 and relates to the following

Expense	Incurred From 30/04/2012 to 29/04/2014 £	Incurred 30/04/2013 to 29/04/2014 £	Paid 30/04/2013 to 29/04/2014 £
Specific bond	20	-	-
Search fees	27	-	-
	47	-	-

None of the above Category 1 Disbursements have been recovered due to lack of available funds in the Liquidation

Category 2 Disbursements

Category 2 disbursements include elements of shared or allocated costs Details of how these costs are calculated are noted at Appendix B

These disbursements require authorisation and consist of disbursements that are not specifically identifiable to the case Category 2 disbursements equating to £50 have been incurred during the period of this report In the event of sufficient realisations into the estate, these disbursements will only be drawn following the approval of creditors to the basis of charging

Details of Category 2 disbursements incurred during the period of this report are as follows -

	Incurred From 30/04/2012 to 29/04/2014 £	Incurred 30/04/2013 to 29/04/2014 £	Paid 30/04/2013 to 29/04/2014 £
Postage & Stationary	50	25	-
Total	50	25	-

None of the above Category 2 disbursements have been recovered due to lack of available funds in the Liquidation

A CREDITORS' GUIDE TO LIQUIDATORS' FEES**ENGLAND AND WALES**

1 Introduction

- 1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the liquidator and challenge those they consider to be excessive.

2 Liquidation procedure

- 2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.
- 2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation the insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.
- 2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and an official belonging to The Insolvency Service. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by The Insolvency Service on behalf of the Secretary of State. Where an insolvency practitioner is not appointed the official receiver remains liquidator.
- 2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

- 3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.
- 3.2 The liquidator must call the first meeting of the committee within 6 weeks of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's remuneration

- 4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 - 4.128 of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed
- as a percentage of the value of the assets which are realised or distributed or both,
 - by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation, or
 - as a set amount.

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

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

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

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

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

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

5 Review of remuneration

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

6 What information should be provided by the liquidator?

6.1 When fixing bases of remuneration

6.1.1 When seeking agreement for the basis or bases of remuneration, the liquidator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

6.1.2 If any part of the remuneration is sought on a time costs basis, the liquidator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.

6.1.3 The liquidator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.1.4 If work has already been carried out, the liquidator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the liquidator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The liquidator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the liquidator or his or her staff.

6.2 After the bases of remuneration have been fixed



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

6.3 Disbursements and other expenses

6.3.1 Costs met by and reimbursed to the liquidator in connection with the liquidation should be appropriate and reasonable. Such costs will fall into two categories

- **Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the liquidation and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the liquidator or his or her staff.
- **Category 2 disbursements** These are costs that are directly referable to the liquidation but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the liquidation on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the liquidator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the liquidator's remuneration. When seeking approval, the liquidator should explain, for each category of expense, the basis on which the charge is being made.

6.3.2 The following are not permissible

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

6.4 Realisations for secured creditors

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

7 Progress reports and requests for further information

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

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

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

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

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

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

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

8 Provision of information - additional requirements

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

The information which must be provided is -

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

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

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

9 What if a creditor is dissatisfied?

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

10 What if the liquidator is dissatisfied?

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

11 Other matters relating to remuneration

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

12 Effective date

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

Appendix

Suggested format for the provision of information

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the liquidator,
- the liquidator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the liquidator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the liquidator wishes to claim increased remuneration.

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the liquidator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
 - details of work undertaken during the period, related to the table of time spent for the period,
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
 - any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case.

The following areas of activity are suggested as a basis for the analysis of time spent:

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



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

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

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the liquidator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted