

LIQ03

Notice of progress report in voluntary winding up



Companies House

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

1 Company details	
Company number	1 0 5 5 8 7 1 7
Company name in full	GDC Rail And Civils Limited

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

2 Liquidator's name	
Full forename(s)	John
Surname	Hedger

3 Liquidator's address	
Building name/number	Speedwell Mill
Street	Old Coach Road
Post town	Tansley
County/Region	Matlock
Postcode	D E 4 5 F Y
Country	

4 Liquidator's name ①	
Full forename(s)	
Surname	

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

5 Liquidator's address ②	
Building name/number	
Street	
Post town	
County/Region	
Postcode	
Country	

② **Other liquidator**
Use this section to tell us about
another liquidator.

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Period of progress report

From date	^d 0	^d 6	^m 1	^m 0	^y 2	^y 0	^y 2	^y 1
To date	^d 0	^d 5	^m 1	^m 0	^y 2	^y 0	^y 2	^y 2

7

Progress report

☒ The progress report is attached


8

Sign and date

Liquidator's signature

Signature

X



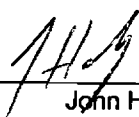
X

Signature date

^d 2	^d 5	^m 1	^m 0	^y 2	^y 0	^y 2	^y 2
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GDC Rail And Civils Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £	From 06/10/2021 To 05/10/2022 £	From 06/10/2021 To 05/10/2022 £
	ASSET REALISATIONS	
	Bank Compensation	100.00
	Bank Interest Gross	0.69
1,000.00	Book Debts (unpaid share capital)	1,000.00
4,000.00	Furniture & Equipment	4,166.67
		<u>5,267.36</u>
	COST OF REALISATIONS	
	Preparation of S. of A.	5,000.00
		<u>(5,000.00)</u>
	PREFERENTIAL CREDITORS	
(404.80)	Employee Arrears/Hol Pay	NIL
		<u>NIL</u>
	2ND PREFERENTIAL CREDITORS	
(11,000.00)	VAT/CIS	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(20,000.00)	Banks/Institutions	NIL
(800.00)	Directors	NIL
(1,840.00)	Employees- Redundancy and Notice P	NIL
(4,000.00)	HM Revenue & Customs- CORP Tax	NIL
(1.00)	HM Revenue & Customs- Employer P	NIL
(5,800.00)	Trade & Expense Creditors	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(1,000.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(39,845.80)		267.36
	REPRESENTED BY	
	Bank 2 Current - interest bearing	100.69
	Vat Payable	(833.33)
	Vat Receivable	1,000.00
		267.36



 John Hedger
 Liquidator

LIQ03

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**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 **James Annerson**Company name **Seneca IP Limited**Address **Speedwell Mill****Old Coach Road**Post town: **Tansley**County/Region **Matlock**Postcode **D E 4 5 F Y**

Country

DX

Telephone **01629 761700****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

**LIQUIDATOR'S PROGRESS REPORT TO CREDITORS AND MEMBERS FOR THE
YEAR ENDING 5 OCTOBER 2022**

GDC Rail And Civils Limited ("the Company") – In Creditors' Voluntary Liquidation

EXECUTIVE SUMMARY

After taking into account asset realisations, together with fees and expenses incurred to date, together with estimated future realisations, fees and expenses, I think that it is unlikely that I will be able to make a distribution to any class of creditor.

STATUTORY INFORMATION

Company name:	GDC Rail And Civils Limited
Registration number:	10558717
Principal Trading Address:	12 Darran Terrace, Ferndale, CF43 4LG
Registered Office:	c/o Seneca IP Limited, Speedwell Mill, Old Coach Road, Tansley, Derbyshire, DE4 5FY
Former Registered Office:	12 Darran Terrace, Ferndale, CF43 4LG
Principal trading activity:	Consultancy Business
Liquidator's names:	John Hedger
Liquidator's address:	Speedwell Mill, Old Coach Road, Tansley, Matlock, DE4 5FY
Liquidator's contact details:	james.annerson@seneca-ip.co.uk and 01629 761700.
Date of appointment:	6 October 2021

LIQUIDATOR'S ACTIONS SINCE THE APPOINTMENT OF THE LIQUIDATOR

Since my appointment I have liaised with the Director regarding purchase of the Company assets in line with the independent valuation; liaised with the bank with regards to a refund of bank charges; corresponded with the bank regarding bank statements; and liaised with the Director and Company Accountant with regards to the NI and Tax threshold of the Director's income from the Company.

There is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since the appointment of the Liquidator is contained in Appendix 3.

RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the period from 6 October 2021 to 5 October 2022 is attached at Appendix 1. All amounts are shown net of VAT. I have reconciled the account against the financial records that I am required to maintain.

The balance of funds are held in an interest bearing estate bank account.

ASSETS

Mr Adam Costigan, a member of the National Association of Valuers & Auctioneers, and The Property Ombudsman Valuers & Auctioneers service of Messrs Realise Solutions Limited, a firm of professional, independent valuation agents were instructed to provide an independent professional valuation of the Company's tangible and intangible assets for the purposes of the Estimated Statement of Affairs.

Furniture & Equipment (Computers, Office Equipment, and Fixtures & Fittings)

The accounts for the year ending 31 January 2020 states that the Company had tangible assets, namely Computers, Office Equipment, and Fixtures & Fittings, of £5,000.

The independent Agent stated that the assets have an in-situ value of £105.50 plus VAT and have no value on an ex-situ basis.

As stated in the Explanatory report the Director offered £4,000 plus VAT in order to purchase the items.

Following appointment I accepted the Director's proposal to purchase the assets, and the Director made payment in the increased amount of £4,166.67 plus VAT. This amount is shown on the attached Receipts and Payments account and this matter has been concluded.

Book debts (Unpaid Share Capital)

The accounts for the year ending 31 January 2020 stated that the share capital of £1,000 remained unpaid.

The amount of £1,000 was paid by the Director and is shown on the attached Receipts and Payments account and this matter has been concluded.

Bank Compensation

Following my appointment I liaised with the bank with regards to a refund of bank charges.

The amount of £100 is shown on the attached Receipts and Payments account and represents the compensation paid by the Company's Bankers. This matter has been concluded.

Bank Interest Gross

The balance of funds are held in an interest bearing estate bank account and the amount of £0.69 is shown on the attached Receipts and Payments account and represents the interest received to date.

Goodwill

The accounts for the year ending 31 January 2020 stated that the Company had intangible assets, namely Goodwill, of £1,000.

As stated in the Explanatory report to creditors it is not currently the intention of the Director to commence trading in a new Company.

The goodwill of the Company has no value for the purposes of the liquidation and this matter has been concluded.

PRE-APPOINTMENT FEES

The Board previously authorised the payment of a fee of £5,000 plus expenses plus VAT for my assistance with preparing the statement of affairs and arranging the decision procedure for creditors to appoint a liquidator.

The fee for preparing the statement of affairs and arranging the decision procedure for creditors to appoint a liquidator was paid from realisations made in the Liquidation, and is shown in the enclosed receipts and payments account.

To date my pre-appointment expenses with applicable VAT have not been drawn.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. I am required by the Statements of Insolvency Practice to undertake such an initial investigation and the work detailed below has been undertaken in connection with that initial investigation. Specifically, I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank statements for the 25 months prior to the Company ceasing to trade from the Company's bankers; and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Liquidation and made enquiries about the reasons for the changes.

I identified a matter where I considered that further investigation was required as they could lead to identifying potential recovery actions for the benefit of creditors. This matter is that no bank statements show the payment of NI or Tax to HMRC and it appears that the Director was above the threshold for wages, expenses, and dividends and so tax should have been paid.

This is contrary to what the Director and Accountant state. They maintain that the Company operated below the threshold that attracts relevant employment taxes.

In respect of this matter I am in correspondence with the Director and Accountant to allow them to collate sufficient evidence to support their position. However I am aware that the data stored on the Accountant's laptop was not backed up and this data was lost when the Accountant's laptop broke down and was replaced. In the absence of the, now lost, spreadsheets and information the Director and Accountant have so far been unable to resurrect or collate information that supports the Director's NI and Tax position. The Director holds no Company records. The Accountant has however provided written confirmation of Mr Derrick's personal income whilst employed by GDC Rail and Civil Ltd.

It has been agreed for the Director and Accountant to provide what information they have to support their assessment but as at the date of this report such evidence has not been provided.

I would also advise creditors that the Director is subject to a joint application Individual Voluntary Arrangement (IVA) and so if a claim is to be made against the Director then it would be subject to the IVA and the dividend set out therein.

The IVA is not being dealt with by my firm.

I will report to creditors further on this matter upon the closure of the liquidation, or at the next anniversary, whichever is sooner.

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

WORK AS LIQUIDATOR

The work I have to undertake as Liquidator, can be divided into different categories of work. Information is set out below about the type of work that falls within each category of work and why I need to undertake it.

Administration:

This represents the work that my staff and I have to undertake in respect of the routine administrative functions of the case, including preparing, reviewing and issuing statutory reports. It also includes my control and supervision of the work done by my staff on the case together with the supervisory functions of my managers.

Such work does not give direct financial benefit to the creditors, but I have to undertake it in order to meet my obligations under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that I must follow.

Realisation of assets:

This represents the work I will undertake to protect and then realise the Company's assets.

I have provided information in the assets section above about my strategy for realising the Company's and about the work that I have already undertaken and will undertake, as Liquidator in connection with that strategy.

Creditors:

I need to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of my management of the case, and also to ensure that I have accurate information about who to send notices and reports to. I will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. I am required to undertake this work as part of my statutory functions.

Investigations:

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

If I identify potential recoveries, or matters for further investigation, I will then need to undertake additional work to investigate them in detail and attempt recovery where necessary for the benefit of creditors. I cannot fix the basis of my remuneration for dealing with such unknown or uncertain assets at present, and if such assets are identified I will seek approval for an appropriate fee basis.

I am also required by legislation to report to the Secretary of State on the conduct of the Directors. I have to undertake this work to enable me to comply with this statutory obligation, which is of no direct benefit to the creditors, although it may identify potential recovery actions.

LIQUIDATOR'S REMUNERATION

I do not intend to seek approval for my remuneration at present since further accounting information is required prior to me making a decision on recoveries from the Director with respect to potentially unpaid NI and Tax. When I seek approval for my remuneration in due course, it is likely that I will seek approval on a time cost basis.

To date I have spent a total of 54.85 hours undertaking tasks in respect of these categories of work, and total time costs to date are £16,159.25 charged at an average charge out rate of £294.61. Details of the time units used and current charge-out rates are provided in Seneca IP Limited's practice fee recovery sheet, a copy of which is enclosed.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at

<http://www.creditorinsolvencyguide.co.uk/> Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://seneca-ip.co.uk/procedures/> . There are different versions of these Guidance Notes, and in this case please refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which can be accessed at <https://seneca-ip.co.uk/procedures/>

LIQUIDATOR'S EXPENSES

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- *category 1 expenses*, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- *category 2 expenses*, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

Category 1 expenses

I have incurred the following category 1 expenses in the Liquidation:

<i>Nature of category 1 expense:</i>	<i>Amount incurred/ accrued in reporting period (£):</i>	<i>Amount Incurred/ accrued in total (£):</i>	<i>Amount unpaid (£):</i>
Bond	70.00	70.00	70.00
Statutory Advertising	174.00	174.00	174.00
Realise Solutions Limited	216.00	216.00	216.00
Total:	460.00	460.00	460.00

I have not paid any category 1 expenses to date.

I have used the following professional advisors in the reporting period:

<i>Professional Advisor:</i>	<i>Nature of Work:</i>	<i>Basis of Fees:</i>
Realise Solutions Limited	Valuer/Auctioneer	Time costs

The professional adviser has provided an independent valuation of the company's assets.

My choice of professional advisors was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case and represents value for money.)

Category 2 expenses

I am required to seek approval before I can pay any expenses to associates, or pay expenses where there is an element of shared costs, which are known as category 2 expenses. I have not obtained

approval to pay category 2 expenses at present and I have not incurred any category 2 expenses in the Liquidation to date.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has no current charges over its assets.

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. In this case there were no creditors secured by a floating charge such that the prescribed part provisions do not apply.

Preferential Creditors

The statement of affairs anticipated £2,244.80 in respect of ordinary preferential creditors relating to employee claims, and £11,000 in respect of secondary preferential creditors relating to HMRC's claim.

The employee claim totaling £2,244.80 has been received, but there has been no claim from HM Revenue & Customs.

Crown Creditors

The statement of affairs included £4,001 owed to HMRC in respect of their non-preferential claim. To date no claim has been received from HMRC.

Non-preferential unsecured Creditors

The statement of affairs included six non-preferential unsecured creditors with an estimated total liability of £26,618.95. I have received claims from two creditors at a total of £20,518.95. I have not received claims from four creditors with original estimated claims in the statement of affairs of £6,100.

DIVIDEND PROSPECTS

Fixed charge creditors

The Company has no Fixed Charge creditors.

Floating charge creditors

The Company has no Floating Charge creditors.

Preferential Creditors

After taking into account asset realisations, together with fees and expenses incurred to date, together with estimated future realisations, fees and expenses, I think that it is unlikely that I will be able to pay any dividend to preferential creditors.

Non-preferential unsecured Creditors

After taking into account asset realisations, together with fees and expenses incurred to date, together with estimated future realisations, fees and expenses, I think that it is unlikely that I will be able to pay any dividend to non-preferential unsecured creditors.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Liquidator's remuneration and expenses within 21 days of their receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Liquidator as being excessive, and/or the basis of the Liquidator's remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Seneca IP Limited can be found at <https://seneca-ip.co.uk/procedures/>

SUMMARY

The Liquidation will remain open until the investigation matter relating to the threshold for tax on the Director's income has been fully resolved. I estimate that this will take approximately 1-3 months and once resolved the Liquidation will be finalised and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact James Annerson on 01629 761700, or by email at james.annerson@seneca-ip.co.uk.



John Hedger
LIQUIDATOR

GDC Rail And Civils Limited
(In Liquidation)
Liquidator's Summary of Receipts and Payments
To 05 October 2022

RECEIPTS	Statement of Affairs (£)	Total (£)
Furniture & Equipment	4,000.00	4,166.67
Book Debts (unpaid share capital)	1,000.00	1,000.00
Bank Compensation		100.00
Bank Interest Gross		0.69
		<hr/>
		5,267.36
		<hr/>
PAYMENTS		
Preparation of S. of A.		5,000.00
Employee Arrears/Hol Pay	(404.80)	0.00
VAT/CIS	(11,000.00)	0.00
Trade & Expense Creditors	(5,800.00)	0.00
Employees- Redundancy and Notice Pay	(1,840.00)	0.00
Directors	(800.00)	0.00
Banks/Institutions	(20,000.00)	0.00
HM Revenue & Customs- Employer PAYE	(1.00)	0.00
HM Revenue & Customs- CORP Tax	(4,000.00)	0.00
Ordinary Shareholders	(1,000.00)	0.00
		<hr/>
		5,000.00
		<hr/>
Net Receipts/(Payments)		267.36
		<hr/>
 MADE UP AS FOLLOWS		
Bank 2 Current - interest bearing		100.69
VAT Receivable / (Payable)		166.67
		<hr/>
		267.36
		<hr/>
		<hr/>
		John Hedger
		Liquidator

Time Entry - SIP9 Time & Cost Summary

0680 - GDC Rail And Civils Limited
 Project Code: POST
 From: 06/10/2021 To: 05/10/2022

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	2.40	3.00	8.40	2.80	16.60	6,890.00	358.16
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.10	0.00	0.90	0.00	1.00	340.50	340.50
Investigations	3.10	0.00	17.50	15.35	35.95	9,729.76	270.65
Realisations of Assets	0.10	0.00	1.20	0.00	1.30	450.00	346.15
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	6.70	3.00	28.00	18.15	54.85	16,169.26	294.61
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Appendix 3

Details of Work undertaken to date

Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that an office holder must follow.

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

Realisation of assets:

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

- Liaising with the bank regarding the closure of the account.

Creditors

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of their statutory functions

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Service. The office holder is required to undertake this work as part of their statutory functions.

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Service.

- Corresponding with employees regarding their claims.
- Liaising with the Redundancy Payments Service regarding employee claims.

Investigations:

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

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

PRACTICE FEE RECOVERY POLICY FOR SENECA IP LIMITED

Introduction

This sheet explains the alternative fee bases allowed by the insolvency legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court. The report accompanying the request to fix the basis of remuneration will indicate the basis, or bases, being requested in that particular case and will make it clear what work is to be undertaken in respect of each basis.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) "Payments to Insolvency Office Holders and their Associates from an Estate" and can be accessed at <https://seneca-ip.co.uk/procedures/>. Alternatively, a hard copy may be requested from Seneca IP Limited, Speedwell Mill, Old Coach Road, Tansley DE4 5FY. Please note that we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Case Administration (including statutory reporting).
- Investigations.
- Realisation of Assets.
- Employee matters
- Creditors (claims and distributions).
- Trading
- Case specific matters.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Charge out Rates

Grade of staff	Current charge-out rate per hour, effective from 1 January 2019 £	Previous charge-out rate per hour, effective from 1 January 2018 £
Partner – appointment taker	480	445
Senior Manager/Manager/Assistant Manager	345-410	320-405
Advisors/Senior Administrator/Administrator	225-335	220-320
Cashier	155	155
Support Staff	155	155

In cases where these staff undertake work, specific approval will be sought for the payment of the fees incurred.

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

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets, but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

Direct Costs

Where we seek approval on a percentage and/or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Administration and Planning – which includes work such as planning how the case will be administered and progressed; the administrative set up of the case; notifying creditors and others of the appointment; keeping the records relating to the case up to date; and reporting on progress of the case to creditors and others.

- **Investigations** – which includes work such as undertaking an initial review of the financial affairs of the Company and bankrupt; undertaking a detailed investigation with a view to making recoveries for the benefit of creditors where matters such as preferences or wrongful trading come to light as a result of the initial review; and reporting to the Insolvency Service on the conduct of the Directors.
- **Realisation of Assets** – which includes work such as identifying, securing and insuring assets; dealing with retention of title claims; collecting debts owed; and selling assets.
- **Employee matters** – which includes work such as dealing with employees; and liaising with the redundancy payments office.
- **Creditors** - which includes work such as communicating with creditors; dealing with creditors' claims; and where funds realised allow, paying dividends to creditors.
- **Trading** – which includes work such as managing and controlling all aspects of the business; and preparing financial records and information relating to that trading

Mixed basis

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

Members' voluntary liquidations and Voluntary Arrangements

The legislation is different for members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) and Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All fee bases

With the exception of IVAs and CVAs, which are usually VAT exempt, the office holder's remuneration involved to the insolvent estate will be subject to VAT at the prevailing rate.

Expenses

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and company search fees.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.

The practice intends to seek approval to recover the following Category 2 expenses that include an element of shared costs:

Mileage	0.45p per mile
Pension Services	Pension Services will be charged at a rate of £375 to cover the cost of the pension services provided by a third-party business (this is on a small pension case, if it is a more complex case, this will be charged as a Category 1.)
Postage	At the Standard rate of franked mail.
Smart Searches	For the purpose of Money Laundering one off cost £60.00 per case.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists;
- Employment Claims specialists; and
- GDPR/Cyber Security specialists.
- IT Specialists/Consultants
- Debt Collection Agents
- Private Investigators

Reporting and rights to challenge

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration, and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and/or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and/or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under rule 18.9 of the Insolvency (England and Wales) Rules 2006, an unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under rule 18.34, an unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.