

Your Ref:  
Our Ref: MAL052/NWN/DPD/GE/MD

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8 January 2018

Dear Sirs

**MALLETT'S SOLICITORS LIMITED ("THE COMPANY") – IN CREDITORS' VOLUNTARY LIQUIDATION**

This is my report to members and creditors following the first anniversary of my appointment as Joint Liquidator.

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 Graham Edwards by email at [graham.edwards@Haslers.com](mailto:graham.edwards@Haslers.com), or by phone on 020 8418 3432.

Yours faithfully



**NICHOLAS W NICHOLSON**  
**JOINT LIQUIDATOR**

Enc.



**Licensed Insolvency Practitioners:** Dominic Dumville FCCA MABRP ■ Nick Nicholson MABRP MIPA

**Partners:** Laura A Ambrose ACA\* ■ Debra Dougal ■ Dominic Dumville FCCA MABRP ■ Christina Georgiou FCA ■ Nick Nicholson MABRP MIPA\*  
Jon O'Shea FCCA\* ■ Pambos Patsalides FCCA ■ Paul Reynolds CTA AIT ■ Mal Shah FCCA ■ Michael J Watts FCCA CTA CF\*

**Consultant:** Richard A J Hooper FCA FABRP MCI Arb

■ Stephen J Homer is a partner in **Haslers Insolvency Services LLP** along with the partners marked \* above. Registered in England and Wales No. OC348921. Registered office as above.  
Dominic Dumville, Richard Hooper and Nick Nicholson are licensed as Insolvency Practitioners to act in the United Kingdom by the Institute of Chartered Accountants in England and Wales.  
Licensed Insolvency Practitioners acting as Administrative Receivers and Administrators contract without personal liability.



**MALLETT'S SOLICITORS LIMITED – IN LIQUIDATION****LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS****FOR THE YEAR ENDING 10 NOVEMBER 2017****EXECUTIVE SUMMARY**

Creditors will be aware that my appointment as Joint Liquidator of the Company was supported by creditors who had invested significant sums of money in the Company and its plans to market a legal helpline/expenses product to large organisations.

I have obtained all the Company's books, records, correspondence and IT equipment as well as the full working papers from the Company's former accountant. I have also received account statements and other relevant documentation from the Company's bank which have been fully analysed.

I have attempted to realise the Company's assets which have included cash at bank, work in progress and book debts; further details in respect of the Company's assets are provided later in my report.

A significant amount of time has been spent dealing with issues raised by the Company's former clients. I have also liaised with the Solicitors' Regulation Authority ("SRA") in respect of their investigations into the conduct of the Company directors.

I have also spent time analysing the Company's client and office accounts following concerns raised by investors in the Company that their investments had been misappropriated by the Company directors. This analysis has been further cross-referenced with information provided by investors and the Company's books, records and correspondence to determine how the Company utilised the investments it was receiving. My investigations have also focussed on whether the legal expenses product that the Company was marketing was actually viable.

Following my analysis, I have identified a number of claims which might be brought and I have liaised with my solicitors in relation to the likely success of bringing these claims and I await their legal opinion. Further details in respect of investigations to date can be found later in my report.

**STATUTORY INFORMATION**

Company name:	Malletts Solicitors Limited
Registered office:	Haslers, Old Station Road, Loughton, Essex IG10 4PL
Former registered office:	17 Tuesday Market Place, King's Lynn, Norfolk, PE30 1JN
Registered number:	07121475
Joint Liquidators' names:	Nicholas W Nicholson and Dominic Dumville
Joint Liquidators' address:	Old Station Road, Loughton, Essex, IG10 4PL

Joint Liquidators' date of appointment: 11 November 2016

Actions of Joint Liquidators' Any act required or authorised under any enactment to be done by a Liquidator may be done by either or both of the Liquidators acting jointly or alone.

## LIQUIDATORS' ACTIONS SINCE APPOINTMENT

My duties and functions as Liquidator are the realisation of the Company's assets, the agreement of the claims of creditors, investigation of the directors' conduct and the company's affairs generally, and the eventual distribution of the Liquidation funds between the creditors in accordance with their legal entitlements.

Actions to date include the case setup on our computer system and the completion and issuing of the notification of my appointment.

Following attendance at the Company's offices in Kings Lynn, my staff were able to secure all the Company's books, records and IT equipment; all of which have been reviewed and analysed. I employed the services of a third party forensic analyst to obtain a forensically sound image of the Company's server and a number of laptops, the content of which has also been logged and reviewed. My initial investigations also identified two Company bank accounts held by Barclays, a client account and office account, which have been fully reviewed and analysed.

I have liaised with the Company's former accountants and obtained their working papers and correspondence file in respect of the work they undertook for the Company in drafting their annual accounts.

My investigations have focussed on how the Company utilised the funds it received from the loan note investors which initially involved a detailed review of various loan agreements issued by the Company. This review confirmed that the Company issued loan notes to raise monies to fund the initial set up and provision of their legal expenses product to prospective organisations.

A questionnaire was sent to those who invested in the Company through loan notes requesting further details of the investment provided and additional information that investors might have been given in relation to their investment. I liaised with a number of investors in this regard and as such received a significant amount of information and documentation from the loan note investors.

The information supplied by investors has proved to be extremely useful in establishing what claims might be pursuable. As a result, a significant amount of time has been spent liaising with my solicitors, Moon Beever, in relation to the likely success of bringing the claims I have thus far identified. Further details of my investigations into the Company's affairs can be found later in the report.

My staff have spent a considerable amount of time dealing with Company debtors in an effort to realise monies due to the Company. This has included liaising with a former client of the Company who appears to owe approximately £87,000; the debtor disputes this amount and I am currently in discussions with the debtor's solicitor to establish the circumstances surrounding this debt.

As the Company had a number of Legal Aid cases which had not been billed prior to the Company entering Liquidation, I instructed a legal costs draftsman to calculate the legal



costs due to the Company from the Legal Aid Board. Further details in respect of asset realisations made since my appointment are detailed later in the report.

My staff have also spent a significant amount of time dealing with former clients of the Company who have requested their files following the Company's liquidation. Time has also been spent dealing with the Company's former employees in respect of their financial claims against the Company.

I have corresponded with the Company's directors in respect of the Company's affairs and their actions as directors. I have requested suitable dates upon which they could attend an interview with me to discuss the failure of the Company in more detail. Richard Mallett has agreed to meet for an interview on a number of occasions, however, due to an injury sustained during the middle of 2017, he has had to postpone his interview. I am currently liaising with his solicitor to rearrange Mr Mallett's interview for a date in January or early February.

To date, Sharon Mallett has failed to provide any dates in which she would be available to be interviewed. I have therefore instructed my solicitors to write to Mrs Mallett directly to insist upon dates which she will be available to be interviewed or face a Court application to have her publically examined.

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 my appointment as Liquidator is contained in Appendix A.

## **RECEIPTS AND PAYMENTS**

My Receipts & Payments Account for the period from 11 November 2016 to 10 November 2017 is enclosed.

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

## **ASSETS**

The assets and liabilities of the Company were detailed in the report provided on 29 November 2016, prepared by ReSolve Partners LLP and the Directors, on the outcome of the meeting of creditors on 11 November 2016. Those figures are based on information provided by the directors, without any independent verification. Furthermore, the figures do not take into account the costs of realisation of assets nor the costs and expenses of the Liquidation.

In further detail, the following assets were identified:

### **Furniture & Equipment**

An estimated to realise value of £960.00 was given in the Statement of Affairs; this figure was calculated by agents instructed by ReSolve who valued the furniture and equipment at the trading office of the Company. A third party was intending to occupy the property but this subsequently fell through. I can confirm that I instructed the agent previously instructed by ReSolve to remove all the furniture and equipment on site. The assets recovered have been sold by said agents and offset against the costs of clearance.



**Cash at Bank**

An estimated to realise value of £795.00 was given in the Statement of Affairs. I can confirm that £1,044.57 has been transferred to the Liquidation account.

**Bank Interest**

The sum of 75pence has been received in the reporting period.

**Book Debts**

An estimated to realise value of £47,920 was given in the Statement of Affairs. It should be noted that the Company's hard copy accounting records indicate a debtors figure substantially higher than £47,000 was being accounted for. An explanation for this reduction will be sought from the directors at their forthcoming interviews.

The directors provided a list of current debtors and I was able to obtain their contact details from the Company's case system located on their server. I have written to all debtors requesting repayment of amounts due and, to date, I have received £1,562.84. I am currently in correspondence with the solicitor of one of the debtors who allegedly owes the Company £87,000, which he disputes.

**Work in progress**

An estimated to realise value of £15,500 was given in the Statement of Affairs. This value relates to WIP on cases prior to the Company ceasing to trade. These cases were reassigned to other solicitor firms and I have sought confirmation of the this sum due with a view to seeking payment of this from the solicitor firm who have undertaken each case.

As mentioned previously, the Company had a number of Legal Aid cases which had not been billed prior to the Company entering Liquidation. I have referred these cases to a legal costs draftsman to calculate the legal costs due to the Company from the Legal Aid Board and I await his findings.

**LIABILITIES****Secured Creditors**

An examination of the Company's mortgage register held by the Registrar of Companies showed that the Company has granted the following charge:

Persons Entitled	Date Created	Type	Status as per Companies House
Barclays Bank plc	15 March 2010	Debenture. Fixed and Floating Charge	Outstanding

The amount outstanding to Barclays is circa £181,000. At present the return, if any, to Barclays is uncertain and will be dependent on the collection of the Company's book debts and WIP assets.

To date, no payments have been made to Barclays.

**Preferential Creditors**

The statement of affairs anticipated £9,822 in preferential creditors, being in respect of employees. I have received preferential claims totaling £8,848.51.

**Crown Creditors**

The statement of affairs included £11,498 owed to HMRC. HMRC's claim of £18,474.07 has been received.

**Non-preferential unsecured Creditors**

Not including HMRC, the statement of affairs included non-preferential unsecured creditors with an estimated total liability of £2,963,914.87. I have received claims from creditors at a total of £2,217,458.90.

**DIVIDEND PROSPECTS**

Clearly it will be some considerable time before I can realise the Company's assets and agree the claims of creditors, but based on current known information about assets and liabilities I am currently uncertain if a dividend will be paid to any class of creditor.

**Non-preferential unsecured creditors**

As previously advised, the Company gave a floating charge to Barclays Bank PLC on 15 March 2010 and the prescribed part provisions will apply. Since the Company's net property is currently less than £10,000, the insolvency legislation does not require me to distribute the prescribed part of the net property to creditors if I think that the costs of distributing the prescribed part would be disproportionate to the benefits to creditors. I am of the view that the costs of distribution would be disproportionate and so will not be making a distribution of the prescribed part of the net property to non-preferential unsecured creditors at this time.

**LIQUIDATION COMMITTEE**

At the meeting on 11 November 2016, four creditors were nominated to form a creditors' committee. The Liquidation Committee was officially formed and notification provided to Companies House following receipt of consents to act from the nominated creditors. The initial meeting of the committee approved my time costs.

**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. Specifically, I recovered, listed and reviewed the Company's accounting records; obtained and reviewed copy bank statements for the 48 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 took the following action where I considered that further investigation was justified:



A substantial amount of time has been spent reviewing and analysing the statements of the Company's bank accounts to establish how funds were utilised, and more specifically, how the investments received from loan notes were utilised.

The information provided by the loan note investors, as well as the files and emails contained within the Company's servers was cross referenced with the analysis of the Company's bank accounts to establish:

- the historical financial position of the Company;
- any evidence that the Company directors were actively marketing their legal expenses product to potential organisations;
- any evidence that the Company directors were investing in infrastructure specific to providing a legal helpline/expenses product to potential organisations, and;
- any evidence of assets purchased in the Company's name or purchased using investments from loan notes for the purpose of promoting or setting up the legal expense product.

It is clear from the Company documents reviewed that the directors had assured potential investors that they were in negotiations with various organisations to provide them with a unique legal expenses product and legal advice helpline and that two organisations had signed up to launch these products in 2015.

Although evidence has been found which confirms that the directors were in discussions with these organisations, Company emails confirm that these organisations eventually decided not to proceed with the product.

The stated purpose of the loan notes issued to investors was to provide the investment required to set up the legal expenses product's infrastructure and the running of the product; a point which was also reiterated by the directors in their emails and telephone calls to potential investors. However, the analysis of the Company's bank statements shows that no additional infrastructure was purchased using the investment obtained from the loan note investors.

Furthermore, the bank analysis confirms that the investment received by the Company was solely used to service the Company's overdraft and to pay the running costs of the Company. It is also noted that every loan note investment received went into an overdrawn office account which at no point went into credit.

If any organisations had signed up to the legal expenses product, the Company would not have had the necessary financial resources to actually provide the service as the investment received for this purpose had already been utilised.

From the information I have obtained I have been able to establish that there are potential claims that could be brought. As such, I have spent time liaising with my solicitors, Moon Beaver, in relation to the likely success of bringing the claims identified.

I have also liaised with the SRA who have undertaken a separate investigation into the conduct of the Company directors, including the circumstances surrounding the Company's issuing of loan notes.

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.



## PRE-APPOINTMENT REMUNERATION

On 11 January 2017, the Liquidation Committee authorised the payment of a fee of £5,000 for ReSolve's assistance with preparing the statement of affairs and arranging the members' and creditors' meetings to appoint a liquidator.

The fee for preparing the statement of affairs and arranging the members' and creditors' meeting to appoint a liquidator is as yet unpaid as insufficient realisations have been made to date.

## LIQUIDATORS' REMUNERATION

My remuneration was approved by the Liquidation Committee on a time cost basis based on a fees estimate of £66,883. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the Liquidation Committee. My total time costs to 10 November 2017 amount to £106,598.50, representing 392 hours of work at a blended charge out rate of £271.93 per hour. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £241 in my fees estimate. There is a difference in the blended rate charged, compared with the estimated blended rate due to the amount of actual time spent on investigating the Company's affairs and actions of the directors has exceeded my initial estimates. Significant amount of time has also been spent dealing with matters raised by the Company's former clients which I had not originally allowed for.

I have not been able to draw any remuneration in this matter.

A detailed schedule of my time costs incurred to date compared with my original fees estimate is enclosed.

As at 10 November 2017 then, as you can see from the information provided in this report, the total time costs I have incurred in this matter, in respect of the categories of work for which I am being remunerated on a time cost basis, have exceeded the total estimated remuneration I set out in my fees estimate when my remuneration was authorised by the Liquidation Committee. This is mainly due to the significant amount of time spent reviewing and analysing the Company's bank accounts, extensive books, records, financial accounts and emails during my investigations to date. However, as a result of the additional time spent investigating the Company's affairs, I have established a number of claims which may be pursued for the benefit of creditors. Further time, not previously foreseen, has been spent dealing with former clients' requests for their files, dealing with queries from former employees and identifying debtors and there whereabouts.

Currently I do not intend to seek approval to draw remuneration in excess of the fees estimate originally provided, however I would look to do so at some point in the future if and when it appears sums might be realised for the benefit of creditors.

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/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, is available at the link <https://www.haslers.com/services/insolvency/>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the December 2015 version. An explanatory note which shows Haslers's fee policy is enclosed

**LIQUIDATORS' EXPENSES**

I have incurred expenses to 10 November 2017 of £4,010.24. I have drawn £1,796.25 to date.

I have incurred the following expenses in the period since my appointment as Liquidator:

Type of expense	Amount incurred/ accrued in the reporting period
Agents/valuer's fees	£787.50
Storage costs	£1,008.75
Travel	£174.70
Statutory advertising	£169.20
Land Registry fees	£101.00
Financial Investigators	£1,230.00
Insolvency Practitioners' Bond	£125.00
Courier	£154.09
Postage	£260.00

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

Professional Advisor	Nature of Work	Basis of Fees
Haymarket Risk	IT Forensics	Fixed fee
Moon Beaver	Solicitors	Conditional Fee Arrangement

The choice of professionals 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 considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

I instructed Haymarket Risk to image the Company's server and various laptops and to index the files contained therein.

Moon Beaver have been instructed to provide legal advice on the potential claims which have been detailed above. Moon Beaver have incurred time costs in this matter of £1,407.75 to 10 November 2017.

As at 10 November 2017, I anticipate that the total expenses I will incur in this matter will exceed the total expenses I estimated I would incur when my remuneration was authorised by the Liquidation Committee. The reasons I anticipate exceeding the expenses estimate relate to future legal expenses in pursuing the claims currently identified, which have been set out above.

**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 Liquidators' 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 Joint Liquidators as being excessive,

and/or the basis of the Joint Liquidators' 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 Haslers can be found in the attached summary sheet.

#### **SUMMARY**

The Liquidation will remain open until such time as I am satisfied that all claims and assets have been identified and dealt with and all outstanding matters have been fully resolved. I estimate that this will take approximately 3 years and once resolved the Liquidation will be finalised and my 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 Graham Edwards on 020 8418 3432, or by email at [graham.edwards@Haslers.com](mailto:graham.edwards@Haslers.com).



**NICHOLAS W NICHOLSON**  
**JOINT LIQUIDATOR**



## Appendix A

### Administration

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up 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.
- Convening and holding general meetings of creditors and members (as applicable).
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Filing returns at Companies House.
- Preparing and filing VAT returns.

### Creditors

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Office.
- Corresponding with employees regarding their claims.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Issuing a notice of intended dividend and placing an appropriate gazette notice.
- Reviewing proofs of debt received from creditors.
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.

### Investigations

- Submit an online return on the conduct of the directors as required by the Company Directors Disqualification Act.

# HASLERS

Malletts Solicitors Limited

Analysis of time costs from 11/11/16 to 10/11/17

Categories	Time Recorded (Hours)						Total Time	Total Sum of Charge	Average Hourly Rate
	Partner	Manager	Senior Administrator	Administrator	Junior				
Case Planning	8.40	5.00	0.10		24.4		37.90	9,144.00	241.27
Administrative Set-up					0.9		0.90	128.00	142.22
Maintenance of Records	0.90	2.10	2.70	0.30	12.0		18.00	3,337.50	185.42
Statutory Reporting	0.90	16.20	2.10	0.10	6.9		26.20	6,745.00	257.44
CDDA Reports	1.10	16.20			1.8		19.10	1,293.00	67.70
Investigating Antecedent Transactions	21.90	146.80			10.5		179.20	56,940.50	317.75
Identifying, Securing, Insuring Assets	0.90						0.90	431.00	478.89
Debt Collection	3.50	0.60			3.9		8.00	2,326.50	290.81
Property, Business and Asset Sales	0.20	1.30			2.3		3.80	819.50	215.66
On-going Employee Issues					2.4		2.40	335.00	139.58
Communications With Creditors	6.00	3.50	0.30	0.10	9.9		19.80	5,577.00	281.67
Creditors' Claims (Inc. Employees and Preferential	0.90		2.50	0.10	18.8		22.30	3,590.50	161.01
Case Specific Matters	2.70	41.60			1.9		46.20	14,329.00	310.15
INS Cashiering		0.40		6.50	0.4		7.30	1,602.00	219.45
	47.40	233.70	7.70	7.10	96.1		392.00	106,598.50	271.93

**Malletts Solicitors Limited  
(In Liquidation)**

**Joint Liquidators' Summary of Receipts and Payments  
To 10 November 2017**

<b>RECEIPTS</b>	<b>Statement of Affairs (£)</b>	<b>Total (£)</b>
Furniture & Equipment	960.00	0.00
Stock/WIP	15,500.00	0.00
Book Debts	47,920.00	40.00
Insurance Refund	795.00	0.00
Pre-Appointment Debtors		2,567.41
Bank Interest Gross		0.75
		<hr/>
		2,608.16
		<hr/>
<b>PAYMENTS</b>		
Agents/Valuers Fees (1)		787.50
Storage Costs		1,008.75
Employee Arrears/Hol Pay	(9,822.17)	0.00
Trade & Expense Creditors	(2,882,018.49)	0.00
Employees	(81,896.38)	0.00
Banks/Institutions	(181,000.00)	0.00
Inland Revenue	(11,498.00)	0.00
		<hr/>
		1,796.25
		<hr/>
Net Receipts/(Payments)		811.91
		<hr/>

**MADE UP AS FOLLOWS**

Bank 1 Current	337.16
Fee Suspense	(2,171.71)
VAT Receivable / (Payable)	2,646.46
	<hr/>
	811.91
	<hr/>



Nicholas W Nicholson  
Joint Liquidator



HASLERS INSOLVENCY & RECOVERY  
FEE ESTIMATE COMPARISON

MALLETTS SOLICITORS LIMITED

	FEE ESTIMATE			ACTUAL TO 10 November 2017			COMMENT
	Estimated time in hours to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £	Actual time in hours to undertake the work	Actual value of the time costs to undertake the work £	Blended charge out rate to undertake the work £	
<b>SUMMARY</b>							
General Case Administration	91.0	17,810.00	196.00	109.40	22,249.50	203.38	
Realisation of assets	19.0	4,924.00	259.00	12.7	3,577.00	281.65	
Investigations	82.0	25,500.00	311.00	179.20	56,940.5	317.75	
Creditors	86.0	18,649.00	217.00	44.50	9,502.50	213.54	
Case specific matters:	0.0	0.00	0.00	46.2	14,329.00	310.15	
	278.0	66,883.00	241.00	392.0	106,598.50	271.93	

## PRACTICE FEE RECOVERY POLICY FOR HASLERS

### Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the 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.

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) and can be accessed at <http://www.haslers.com/services/insolvency/>. Alternatively a hard copy may be requested from Haslers, Old Station Road, Loughton, Essex IG10 4PL. Please note that we have provided further details in this policy document.

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 drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

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.

### 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.

### Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 1 January 2017 £	Previous charge-out rate per hour, effective from 1 January 2016 £
Partner – appointment taker	375-510	375-510
Manager	285-320	285-320
Senior Administrator	195-250	195-250
Case Administrator	95-165	95-165
Cashier	100	100

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

These charge-out rates charged are reviewed on 1 January each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning.
- Maintenance of records
- Investigations.
- Realisation of Assets.
- Creditors.
- Case specific matters.
- Statutory reporting.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we seek time costs for all categories of work

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. 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.

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 say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Members' voluntary liquidations and Voluntary Arrangements**

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.



## **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

## **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. 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.

## **Disbursements**

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Haslers; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. It is not Haslers' policy to charge for such costs.

## **PROVISION OF SERVICES REGULATIONS SUMMARY SHEET FOR HASLERS**

The following information is designed to draw the attention of interested parties to the information required to be disclosed by the Provision of Services Regulations 2009.

### **Licensing Body**

Nicholas Nicholson, Stratford Hamilton and Dominic Dumville are licensed to act as Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

Nicholas Nicholson and Stratford Hamilton are Members of the Insolvency Practitioners Association. Dominic Dumville is a Member of the Association of Chartered Accountants.

Haslers is also a member of the ICAEW Institute of Chartered Accountants in England and Wales.

### **Rules Governing Actions**

All IPs are bound by the rules of their professional body, including any that relate specifically to insolvency. The rules of the professional body that licences Haslers can be found at <http://www.icaew.com/en/membership/regulations-standards-and-guidance/insolvency/insolvency-regulations-and-guidance>. In addition, IPs are bound by the Statements of Insolvency Practice (SIPs), details of which can be found at <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>.

### **Ethics**

All IPs are required to comply with the Insolvency Code of Ethics and a copy of the Code can be found at <http://www.icaew.com/en/technical/insolvency/insolvency-regulations-and-standards>.

### **Complaints**

At Haslers we always strive to provide a professional and efficient service. However, we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of a particular case then in the first instance you should contact the IP acting as office holder.

If you consider that the IP has not dealt with your comments or complaint appropriately you should then put details of your concerns in writing to our complaints officer Jon O'Shea, Haslers, Old Station Road, Loughton, Essex IG10 4PL. This will then formally invoke our complaints procedure and we will endeavour to deal with your complaint under the supervision of a senior partner unconnected with the appointment.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP

Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, and you can make a submission using an on-line form available at [www.gov.uk/complain-about-insolvency-practitioner](http://www.gov.uk/complain-about-insolvency-practitioner); or you can email [insolvency.enquiryline@insolvency.gsi.gov.uk](mailto:insolvency.enquiryline@insolvency.gsi.gov.uk); or you may phone 0300 678 0015 – Please note that call charges will apply. For the current call charges please visit <https://www.gov.uk/call-charges>.

### **Professional Indemnity Insurance**

Haslers' Professional Indemnity Insurance is provided by Axis Speciality SE, of Willis Limited, 51 Lime Street, London EC3M 7DQ. This professional indemnity insurance provides worldwide coverage.

### **VAT**

Haslers is registered for VAT under registration no. 978 0506 90.