

AM03

Notice of administrator's proposals



Companies House

TUESDAY



A15 *A8AA4KN6* 23/07/2019 #89
COMPANIES HOUSE

1 Company details

Company number 0 5 4 3 0 3 9 6

Company name in full Elite Spas Limited

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

2 Administrator's name

Full forename(s) Hugh Francis

Surname Jesseman

3 Administrator's address

Building name/number 3 Field Court

Street Grays Inn

Post town London

County/Region

Postcode W C 1 R 5 E F

Country

4 Administrator's name

Full forename(s) Stephen John

Surname Evans

1 Other administrator
Use this section to tell us about another administrator.

5 Administrator's address

Building name/number 3 Field Court

Street Grays Inn

Post town London

County/Region

Postcode W C 1 R 5 E F

Country

2 Other administrator
Use this section to tell us about another administrator.

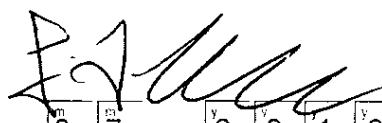
AM03

Notice of Administrator's Proposals

6 Statement of proposals

I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature	Signature ✕  ✕																	
Signature date	<table border="1"><tr><td>d</td><td>1</td><td>d</td><td>6</td><td>th</td><td>0</td><td>th</td><td>7</td><td>th</td><td>2</td><td>th</td><td>0</td><td>th</td><td>1</td><td>th</td><td>9</td></tr></table>	d	1	d	6	th	0	th	7	th	2	th	0	th	1	th	9	
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AM03 Notice of Administrator's Proposals

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	Tania Melim-Alves
Company name	Antony Batty & Company LLP
Address	3 Field Court Grays Inn
Post town	London
County/Region	
Postcode	W C 1 R 5 E F
Country	
DX	
Telephone	020 7831 1234

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 and dated 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

**JOINT ADMINISTRATORS' PROPOSALS RELATING TO
ELITE SPAS LIMITED ("THE COMPANY") – IN ADMINISTRATION**

ISSUED ON: 16 JULY 2019

**ANTONY BATTY & COMPANY LLP
3 FIELD COURT
GRAYS INN
LONDON
WC1R 5EF**

ELITE SPAS LIMITED - IN ADMINISTRATION

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Stephen John Evans and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company.

1. STATUTORY INFORMATION

Company Information

Company name: Elite Spas Limited
Previous name: None
Company number: 05430396
Date of incorporation: 20 April 2005
Trading address: 19 Poplar Drive, Yeovil, BA21 3UL
Current registered office: 3 Field Court, London, WC1R 5EF
Former registered office: 19 Poplar Drive, Yeovil, BA21 3UL
Principal trading activity: Other retail sale not in stores, stalls or markets

Appointment Details

Administrators Hugh Francis Jesseman and Stephen John Evans
Administrators' address Antony Batty & Company LLP, 3 Field Court, Grays Inn, London, WC1R 5EF
Date of appointment 29 May, 2019
Court name and reference High Court of Justice
003666 of 2019
Appointment made by: Directors
Actions of Administrators: Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company:

Directors:	Name:	Shareholding
	Kevin Sanger	50%
	Isobel Rickard-Sanger	50%
	Kevin Saunders	Nil

Company secretary:	Name:	Shareholding
	Isobel Rickard-Sanger	50%

Share capital

Authorised	Allotted, called up and fully paid
2 ordinary shares £1 each	2 ordinary shares of £1 each

Charges

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.

2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

The Company was incorporated on 20th April 2005 and commenced trading on 1st May 2005 operating as a retail outlet for the sale of Spas. It was formed by Kevin Sanger and Isobel Rickards - Sanger both company directors and the joint shareholders.

All funding came from the two Directors personally, their initial investment was £5,000 each in the form of a Director's loan. No other external investments were raised.

The Company's principal trading address was at Sunbelt House, Brympton Way 23 Yeovil BA20 2HP. The Company operated from this premises on a leasehold basis. The Company imported and sold Spas and Swimming Pools and employed 5 staff including full time working Directors.

A thorough business and marketing plan was created based on market and industry research in the Spa industry and the Company started to develop a dealer base in local garden centres through which the Spas were sold.

The Company developed a high profile in the industry and attended numerous county shows through which considerable sales were achieved, this resulted in the American Manufacturers asking them to be their UK distributor. At this point the Company began importing containers of spas for retail sale in the UK.

Initially VAT and duty was paid at the point of import, before the spas were released for delivery. This continued on this basis for a number of years until information was received from the Importer, which stated that the classification for the importation of spas had changed, they were now classified as Medical Therapeutic devices and they were now zero rated for vat and duty. The Directors questioned this with the freight company and an e mail was received confirming the VAT treatment. From that date invoices were raised without import vat or duty.

This made cash flow and budgeting very difficult because the payment of the VAT & duty was not available for credit against the quarterly VAT liability. Despite this Elite Spas Ltd continued to grow and sales increased.

However following a VAT inspection, the HMRC officer challenged the VAT treatment of the importation of spas. After consulting with his senior officers he made a determination that the correct import duty was in fact standard rated 20% and not zero rated.

Despite representations that this should only be a timing issue, because the import duty once paid could then be reclaimed on the next VAT return, the HMRC officer raised an Assessment for £1.2 million with payment required with 7 days stating that it could not be reclaimed until HMRC were satisfied it had been paid in full. In addition the HMRC officer stated they would be seeking penalties and interest, which would add another £200,000 to the final settlement.

Clearly the Company could not raise £1.2 million in the stated time scale of seven days and reluctantly the Directors having exhausted all other options and realising that the Company was now insolvent, approached Antony Batty & Company LLP for advice. A board meeting was then held, at which the decision to place the Company into Administration was taken on 29 May 2019.

Upon their instruction, Antony Batty & Company LLP recommended that Mr Rickards instruct ITC Valuers Limited ("ITC"), a firm of specialist insolvency agents, who are a member of The National Association of Valuers and Auctioneers, to undertake a valuation of the Company's business and assets and market them for sale.

A summary of the Company's recent trading performance is shown below.

	Statutory Accts 30 April 2018	Statutory Accts 30 April 2017
	£	£
Turnover	2,651,394	2,481,814
Cost of sales	(2,107,097)	(2,061,170)
Gross profit	544,303	420,644
Overheads	20,991	24,396
Net Profit after tax	377,668	281,883

It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

Prior to the commencement of the Administration Antony Batty & Company LLP acted as advisors to the Board as a whole acting on behalf of the Company. No advice was given to the individual directors regarding the impact of the insolvency of the company on their personal financial affairs. Whilst not formally in office at that time, Antony Batty & Company LLP was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.

On 29 May 2019, Stephen John Evans and I were appointed by the Directors' as Joint Administrators of the Company and took over from the Board responsibility for the management of the affairs, business and property of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs.

3. OBJECTIVES OF THE ADMINISTRATION AND THE JOINT ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

As Administrators of the Company, Stephen John Evans and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, we are seeking to achieve objective (b) for the Company, and will do this by providing Aspel (UK) Limited with a licence to trade and selling the business and assets as a going concern.

The insolvency legislation has set a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Company within 12 months then we will either apply to the Court, or convene a decision procedure, in order to seek approval to extending the duration of the Administration by the creditors.

4. ACTIONS OF THE JOINT ADMINISTRATORS FOLLOWING APPOINTMENT

On appointment I decided that the objective of the Administration was best achieved by the Company ceasing trade on 29 May 2019 and the granting to Aspel (UK) Limited a licence to trade while marketing the business and assets commenced. Whilst numerous expressions of interest were received, no formal offers from third parties were received. Aspel, a connected company did submit an offer for the business and assets. Accordingly following advice from ITC Valuers, on 3 July 2019 a Sale Purchase Agreement was made between the Company and Aspel (UK) Limited to purchase the assets. Please refer to section 6 for more information on the assets which were sold.

I have also contacted the Company bankers to freeze the Company account. I had to undertake this work either as part of my routine administrative functions, or in order to protect and realise the assets of the Company.

In addition, I have undertaken routine statutory and compliance work, such as filed notice of appointment, change of registered office and statement of affairs at Companies House and prepared a gazette notice. These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

A director's questionnaire has been sent to the Directors and our investigation under the Company Directors Disqualification Act 1986 has commenced with a view to reporting to the Insolvency Service shortly.

Role of the Insolvency Practitioner

I was introduced to the Board of the Company by Gary Bishop of Estrella Accountancy Services Limited on 23 April 2019. I first met with the Board, a representative of the Board Kevin Sanger, representatives of the Board on 29 May 2019 to discuss the financial affairs of the Company. Prior to the commencement of the Administration I advised the Board as a whole, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics.

Ultimately, the Company was placed into Administration and I was appointed Administrator. As Administrator I am an officer of the Court and I have taken over the management of the Company from the Board. As indicated above, the purpose of this Administration is to achieve objective B.

In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Company as a whole other than where objective c) is being pursued I need only ensure that I do not unnecessarily harm the interests of the creditors of the Company as a whole.

Pre-appointment considerations

As Administrator of the Company providing a licence to trade while marketing the business and assets enables me to achieve the objective set out above as it achieves a better result for the creditors as a whole than would be likely if the Company had been placed into Liquidation without first being in Administration, as I have indicated above. I can also confirm that the outcome achieved as a result of the sale was the best available outcome for creditors of the Company as a whole in all the circumstances of the case.

Valuation of the business and assets

Asset category	Valuation basis & amount (£)		Sale Consideration (£)
	e.g. In-situ	e.g. Ex-situ	
<u>Fixed charge assets</u>			
Freehold property	Unknown	Unknown	Nil
Goodwill	5,000	15,000	10,000
<u>Floating charge assets</u>			
Stock	22,500	35,500	30,500
Vehicle	2,600	3,600	3,600
Plant & machinery	2,400	4,100	4,100
Office equipment	1,000	1,800	1,800
Total	£33,500	£60,000	£50,000

The valuation is provided on both a willing buyer and a trade sale basis. This variety of valuation provides the Joint Administrators with a range of values with which to compare and contrast the various offers received from the interested parties. The value range also ensures that the strategy of the Administration can be adapted and asset realisations are maximised. The Trade Sale Value is the amount that would be expected to achieve if the business ceased trading and the assets were removed and sold to a trade purchaser. The Willing Buyer Value is the figure that could be expected to realise if a willing buyer could be found, with assets sold in situ and with the business continuing as a going concern.

We instructed ITC Valuers Limited to market the business and assets of the Company. ICT Valuers advertised on IP.com as well as a sales advert to their client database, which consists of over 5,000 contacts. They received seven responses and two formal offers. An offer from a third party was made for £29,000 and a second offer was made by Aspel (UK) Limited for £50,000.

ITC Valuers recommended that I accept the offer from Aspel. Accordingly a sale and purchase agreement was prepared by my solicitors, Messrs Clarke Wilmott. The agreement was completed and an initial payment was made on 3 July 2019 of £25,000 and the remaining £25,000 to be paid by instalment over a five-month period. The total net amount is £50,000. Aspel (UK) Limited is a connected party to Elite Spas Limited, by virtue of a common director and shareholder.

The sale price achieved, and also the expected outcome, is the best available outcome for creditors of the Company as a whole in all the circumstances of the case and achieves the statutory purpose of the Administration that I am seeking to achieve in respect of the Company.

5. FINANCIAL POSITION OF THE COMPANY

A summary of the Company's estimated financial position as at 29 May 2019, which is known as a Statement of Affairs, is attached at Appendix I.

5.1. Leasehold Property

The Company's traded on a short-term lease from premises in Yeovil. The Directors own the freehold of the property and no rent was charged. Rates for the property are £14,000 per annum. Our agents do not believe there to be any value in the lease.

5.2 Motor Vehicle

The Company own a Mercedes Spinter Van with a trade sale value of £2,600 which was included in the going concern sale as advised above.

5.3 Plant and machinery

The Company's plant and machinery consists of a forklift and Bridgewater trailer. These assets were valued by ITC Valuers with a WBV of £4,100. The plant and machinery were included in the going concern sale.

5.4 Stock

Stock consists of spare parts for the hot tubs. ITC Valued with a willing buyer value of £35,500 and sold for £30,500 to date we have received £15,250 in respect of these assets. The stock may be subject to ROT, although to date we have not received any claims.

5.5 Goodwill & IP

ITC Valuers Limited estimated that the Company's goodwill had a value of approximately £15,000 in the event of a willing buyer purchasing the business and assets on a going concern value. The Company's goodwill has been sold to Aspel (UK) Limited for £10,000 to date we have realised £5,000.

LIABILITIES

5.6 Secured Creditors

We are not aware of any secured creditors in this matter.

5.7 Preferential creditors

I am not aware of any claims from preferential creditors in this matter.

5.8 Unsecured Creditors

Based on the Director's Statement of Affairs, unsecured creditors are estimated to total £1,215,500.

To date the Joint Administrators have received claims from unsecured creditors totalling approximately £548.

6 JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 29 May 2019, to the date of these proposals, at Appendix II.

7 PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company, the business and assets of the Company have been sold on a going concern basis.

8 JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

I attach at Appendix V a copy of my practice fee recovery policy. In this case I am seeking to fix the basis of my remuneration on a time cost basis as detailed below:

Time costs:

Some work cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis. For these tasks, I propose to seek approval on a time cost basis. i.e. by reference to time properly spent by me and members of staff of the practice at our standard charge out rates. When I seek approval for my fees on a time cost basis, I have to provide a fee estimate. That estimate acts as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees. I attach a "Fees estimate summary" at Appendix IV that sets out the work that I intend to undertake, the hourly rates I intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate.

As indicated in the fees estimate the following areas of work will be charged on a time cost basis: investigations; and case specific matters. The following explains about the areas of work for

which I am seeking approval on a time cost basis, whilst full information about the work that I will undertake on a time cost basis is contained in Appendix III.

Administration: This represents the work that is 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 office holders must follow.

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 and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary. The office holder is unable to quantify the benefit to creditors of these investigations at present but will include such information in their statutory report to creditors once the position is clear.

The office holder is also required by legislation to report to the Department for Business, Energy & Industrial Strategy on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.

Realisation of Assets: This is the work that needs to be undertaken to protect and then realise the known assets in the case. If this work is undertaken, the office holder anticipates that the assets will realise the estimated to realise amounts provided to creditors.

Creditors:

Claims of creditors - the office holder needs 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 will also have 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 his statutory functions.

More details of the tasks included in these categories are included in the fees estimate. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £30,000.

This estimate has been provided to creditors at a relatively early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a

resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To 5 July 2019 over thirty eight hours have been spent working on the above tasks in the Administration, and total time costs to date are £12,169 charged at an average charge out rate of £319. Details of the time units used and current charge-out rates are provided in our practice fee recovery sheet, a copy of which is enclosed at Appendix V. I attach, in respect of the areas of work where I am seeking to charge fees on a time cost basis, an analysis of time costs incurred to date by reference to grade of staff and work done at Appendix III.

If a Creditors' Committee is appointed, it will be for the Committee to approve the basis of the Joint Administrators' remuneration and category 2 expenses. If a Committee is not appointed, then I will be seeking a decision from the creditors at the same time I seek a decision from them on whether or not to approve these proposals.

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 <http://www.antonybatty.com/insolvency-resources>. There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet. I also propose that I am permitted to charge and recover what are known as category 2 expenses. Information about category 2 expenses is set out in our practice fee recovery policy at Appendix VIII.

I have used the following agents or professional advisors since my appointment as Administrator:

Professional Advisor	Nature of Work	Basis of Fees	Estimate of fees
ITC Valuers Limited	Valuer/Auctioneer	Time cost & fixed fee	£6,474
Clarke Willmott	Solicitors	Time cost & fixed fee	£3,898
Marsh UK Ltd	Specific bond	Fixed Premiums	£148

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.

The following category 1 disbursements have been incurred to date:

Type of category 2 disbursement	Amount incurred	Amount outstanding
Statutory advertising	£77	£77
Court Filing Fee	£50	£50

I have incurred total category 1 expenses of £127 since my appointment as Administrator. I have not been able to draw any expenses in this matter.

I have incurred the following category 1 expenses since my appointment as Administrator:

Type of expense	Amount incurred	Amount outstanding
Postage	£4	£4
Photocopying	£3	£3
Companies House Search	£20	£20
File Setup	£75	£75

In addition to the expenses already incurred, I anticipate that the following expenses totalling £162 will arise in these proceedings.

Expenses do not have to be approved, but when reporting to the committee and creditors during the course of the Administration together with any subsequent Liquidation, the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (for example, where legal costs rise due to escalated recovery action).

9 PRE-ADMINISTRATION COSTS

The Board of Directors instructed me to assist them in placing the Company in Administration on April 2019. They agreed that I should be paid my pre-administration costs on a time cost basis.

The following work was undertaken; several meetings with Directors and accountants to discuss the options for the Company, travel to and from the trading premises and assisting the Directors completing and arranging paper work to place the Company in to administration.

Following this instruction, I assisted the Board take the appropriate steps to place the Company into Administration. This task, together with some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out. I attach, in respect of the areas of work where I am seeking to charge pre-appointment fees on a time cost basis, an analysis of time costs incurred to date by reference to grade of staff and work done in the Appendices

The following statement sets out my pre-administration costs incurred. The statement also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds.

Description	Paid pre-appointment	To be paid
Administrator's remuneration	-	£7,608
Court filing	-	£50
Total	-	£7,608

If a Creditors' Committee is appointed, it will be for the Committee to approve payment of the pre-administration costs that have not yet been paid. If a Committee is not appointed, then since the pre-administration costs that have not yet been paid, cannot be approved within these proposals, I will be seeking a decision from the creditors in accordance with Rule 3.52 at the same time I seek a decision from them on whether or not to approve these proposals.

10 ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

11 EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading address is in the United Kingdom.

12 THE JOINT ADMINISTRATORS' PROPOSALS

In order to achieve the objective, set out at section 3 above, Stephen John Evans and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
 - (i) In order to achieve the objective of the Administration of the Company I propose to collect the remaining consideration due from the sale of the assets and goodwill of the Company as a going concern.
 - (ii) sell any remaining Company's assets at such time(s) on such terms as we consider appropriate;
 - (iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
 - (iv) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) If there are no assets for distribution to unsecured creditors, the Administration of the Company will end by filing a notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.
- (c) If it appears likely that there will be sufficient assets to distribute to unsecured creditors, the Company should proceed into Creditor's Voluntary Liquidation and the Joint Administrators propose that they would be appointed Joint Liquidators' and that all acts of the Joint Liquidators' may be taken jointly or alone. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 13.
- (d) The Joint Administrators be released from any Personal Liability at the end of the Administration.

13 APPROVAL OF PROPOSALS

I am seeking resolutions at a virtual meeting from the creditors to approve my proposals, to approve my pre-administration costs, to fix the basis of my remuneration, and to approve my category 2 disbursements.

If a creditor wishes to vote on the resolutions, access to the virtual meeting can be gained from 11.00am on 1 August 2019 through the conference call facility 08444 737373 and inserting the following pin code when prompted 162107.

If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me, together with the relevant supporting documentation. A vote on the

resolutions by a creditor will not count unless they have lodged proof of their debt by no later than 4 p.m. the day before 1 August 2019.

If a creditor does not wish to attend the virtual meeting in person and wishes to nominate a person as their proxy holder, or alternatively request the Chair of the meeting to act as their proxy holder, they should complete and return the enclosed proxy form. Proxy forms must be lodged before the meeting.

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about of the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <http://www.creditorinsolvencyguide.co.uk/>.

Please note that I must receive at least one vote by the decision date or the decisions will not be made. I would therefore urge creditors to respond promptly.

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

14 FURTHER INFORMATION

To comply with the Provision of Services Regulations, some general information about Antony Batty & Company LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.antonybatty.com/insolvency-resources>.

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Tania Melim-Alves on the above telephone number, or by email at tania@antonybatty.com.

Yours faithfully



**Hugh Jesseman
JOINT ADMINISTRATOR**

The Joint Administrators are agents of the Company and act without personal liability.

Insolvency Act 1986

Elite Spas Limited

Estimated Statement Of Affairs as at 29 May 2019

	Book Value £	Estimated to Realise £
ASSETS		
Leasehold Property	64,404.00	Uncertain
Plant & Machinery	73,844.00	3,400.00
Motor Vehicles	22,658.00	2,600.00
Stock	54,877.00	22,500.00
Goodwill & IP		<u>5,000.00</u>
		33,500.00
LIABILITIES		
PREFERENTIAL CREDITORS:-		
		<u>NIL</u>
		33,500.00
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003		
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		
		<u>NIL</u>
		33,500.00
Estimated prescribed part of net property where applicable (to carry forward)		
		<u>NIL</u>
		33,500.00
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003		
		<u>NIL</u>
		33,500.00
Estimated prescribed part of net property where applicable (brought down)		
		<u>NIL</u>
		33,500.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	15,500.88	
HM Revenue & Customs - VAT	<u>1,200,000.00</u>	
		<u>1,215,500.88</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		
		<u>(1,182,000.88)</u>
		(1,182,000.88)
Issued and called up capital		
Ordinary Shareholders		2.00
		<u>2.00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u><u>(1,182,002.88)</u></u>

**Antony Batty & Company LLP
Elite Spas Limited
B - Company Creditors**

Key	Name	Address	£
CD00	Daisy Communications Ltd	Daisy House, Lindred Road Business Park, Nelson, BB9 5SR	11.07
CF00	Fuel Card Services Ltd	Kingsway House, Kingsway, Burnley, BB11 1BJ	1.00
CH00	HIM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	1,200,000.00
CM00	Mc Carthy Marland	Albert Quay, Albert Road, St Philips, Bristol, BS2 0XS	173.32
CN00	Nissan Finance	Rivers Office Park Denham Way, Maple Cross, Rickmansworth, WD3 9YS	1,198.84
CS00	South Somerset District Council	Brympton Way, Yeovil, BA20 2HT	14,116.65
6 Entries Totalling			1,215,500.88

Elite Spas Limited
(In Administration)
Joint Administrators' Summary of Receipts and Payments
To 15 July 2019

RECEIPTS	Statement of Affairs (£)	Total (£)
Leasehold Property	Uncertain	0.00
Plant & Machinery	3,400.00	2,050.00
Motor Vehicles	2,600.00	1,800.00
Stock	22,500.00	16,150.00
Goodwill & IP	5,000.00	5,000.00
		<hr/> 25,000.00 <hr/>

PAYMENTS

Agent's/Valuer's Fees (1)		5,395.00
Legal Fees (1)		3,249.00
Trade & Expense Creditors	(15,500.88)	0.00
HM Revenue & Customs - VAT	(1,200,000.00)	0.00
Ordinary Shareholders	(2.00)	0.00
Vat Receivable		1,728.80
		<hr/> 10,372.80 <hr/>
Net Receipts/(Payments)		<hr/> 14,627.20 <hr/>

MADE UP AS FOLLOWS

Bank 1 Current - Interest bearing	14,627.20
	<hr/> 14,627.20 <hr/>

Hugh Francis Jesseman
Joint Administrator

Time Entry - SIP9 Time & Cost Summary

ELITESPAS - Elite Spas Limited
 Project Code: POST
 To: 05/07/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	1.10	7.90	0.00	2.70	11.70	3,773.00	322.48
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	3.00	0.00	1.50	4.50	1,282.50	285.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	1.00	18.10	0.00	2.80	21.90	7,103.00	324.34
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	2.10	29.00	0.00	7.00	38.10	12,158.50	319.12
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

ELITESPAS - Elite Spas Limited
 Project Code: PRE
 To: 16/07/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	2.10	18.50	0.00	1.50	22.10	7,506.00	339.64
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	2.10	18.50	0.00	1.50	22.10	7,506.00	339.64
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

FEES ESTIMATE SUMMARY

Elite Spas Limited - In Administration

The office holder is seeking to be remunerated on a time cost basis. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work, and the time costs of undertaking such work, which will depend upon the grade, or grades, of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work. The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole.

Please note that this estimate has been provided as soon as practicable but before full knowledge of the case is known. Every effort has been made to estimate the costs based on our current knowledge of the case, as well as our experience of cases of a similar nature and complexity. It is also based on the assumption that the Administration will be completed within twelve months. If the time costs incurred exceed, or are likely to exceed, the estimate will and an explanation will be proved to the creditors and seek further approval before drawing remuneration in excess of the estimate.

The hourly charge out rates that will be used on this case are:

£

Partner – appointment taker	435.00
Senior Manager	380.00
Manager	340.00
Supervisor/Senior Administrator	260.00
Case Administrator	175.00
Cashier	95.00
Support staff	95.00

Description of the tasks to be undertaken	Estimated time 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 £
ADMINISTRATION			
Administering the affairs of the company/debtor in accordance with the Insolvency Legislation and Statements of Insolvency Practice	63.90	£12,409.50	£194.20
INVESTIGATIONS			
Undertaking initial investigations into the affairs of the company/debtor with a view to identifying potential asset recoveries for the benefit of creditors	37.50	£6,292.50	£167.80
REALISATION OF ASSETS			
Protecting and realising the assets of the company/debtor.	33.30	£9,373.00	£281.47
CREDITORS			
Maintaining records of the claims of creditors and formally agreeing them and paying a dividend if sufficient realisations are made	11.00	£1,990.00	£180.91
GRAND TOTAL FOR ALL CATEGORIES OF WORK	145.70	£30,065.00	£206.35

Antony Batty & Company LLP

Time Costs – Charge out rates per hour and disbursements policy.

1 June 2018 – 31 May 2020

Hourly charge out rates

	2018/20
Office Holder (e.g. Administrator)	£435
Senior Manager	£380
Case Manager	£340
Senior Administrator 1	£260
Senior Administrator 2	£295
Administrator	£175
Junior Administrator	£95

Time is charged in unit of 6 minutes, the minimum unit of time is therefore six minutes.

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

Disbursement Policy

Please note that the office holder's disbursements are charged out at the following rates:-

Category 1 - represent recovery of necessarily incurred disbursements at the cost incurred.

Sundry disbursements, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

There is a statutory requirement to advertise the following notices in the London Gazette: first meeting of creditors, resolutions for winding-up, appointment of Liquidators, final meetings and notices to creditors to submit claims. The London Gazette's price list can be accessed at <https://www.thegazette.co.uk/place-notice/pricing>.

Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

There is a statutory requirement for the Liquidator to apply for specific bond cover based on the expected realisations in each appointment. The bond premiums may be found on our website: <http://antonybatty.com/resource>.

Travel costs with the exception of mileage costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

Category 2

Photocopying	15p per sheet.
Postage	Royal Mail postage rates (Non-franked mail).
Faxes UK	£1 per sheet.
International	£2 per sheet.
Internal meeting room hire -	£100 per hour, (minimum 1 hour).
Storage	£35 per box per annum.
Company searches	£20 per company.
File set up, stationery & record retention	£75 per folder.

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.

APPENDIX VI: DETAILS OF WORK TO BE UNDERTAKEN IN THE ADMINISTRATION.

A. WORK FOR WHICH THE LIQUIDATOR IS SEEKING TO BE REMUNERATED ON A TIME BASIS:

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 physical/electronic case files (as applicable).

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 (as applicable).

Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).

Preparing, reviewing and issuing proposals to the creditors and members.

Filing the proposals at Companies House.

Convening and holding a meeting of creditors to consider the proposals.

Reporting on the outcome of the meeting of creditors to the creditors, Companies House and the Court.

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 reconciliations of the bank account containing estate funds.

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 6-month progress reports to creditors and members.

Filing progress reports at Companies House.

Preparing and filing VAT returns.

Preparing and filing Corporation Tax returns.

Seeking closure clearance from HMRC and other relevant parties.

Preparing, reviewing and issuing final reports to creditors and members.

Filing final reports at Companies House.

Realisation of assets:

Arranging suitable insurance over assets.

Regularly monitoring the suitability and appropriateness of the insurance cover in place.

Corresponding with debtors and attempting to collect outstanding book debts.

Liaising with the bank regarding the closure of the account.

Instructing agents to value known assets.

Liaising with agents to realise known assets.

Instructing solicitors to assist in the realisation of assets.

Creditors:

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.

Maintaining up to date creditor information on the case management system.

Investigations:

Recovering the books and records for the case.

Listing the books and records recovered.

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

APPENDIX VII: ESTIMATE OF EXPENSES TO BE INCURRED IN THE ADMINISTRATION

Schedule anticipated expenses which will include the fees and expenses of professional advisors who have already been used and are to be used, together with both category 1 and 2 disbursements with amounts, stating any assumptions made where appropriate, so that creditors can understand why the expenses are justified in the circumstances of the case.

Type of expense	Estimated Amount £
Bonding - this is insurance required by statute that every officeholder has to obtain for the protection of each estate, with the premium being based on the value of the company's assets	148
Gazetting – various notices relating to the company have to be placed in the London Gazette	77
Postage	18
Copying	9
Storage of accounting records – the company's accounting records have to be stored by the officeholder	75
Clarke Willmott, solicitors – Completing a sale purchase agreement for the sale of the business and assets of the Company	3,898
ITC Valuers Limited, valuation agents – Completing a valuation report and marketing the assets of the Company	6,474
Total estimated expenses	<hr/> £10,699

PRACTICE FEE RECOVERY POLICY FOR ANTONY BATTY & COMPANY LLP

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.antonybatty.com/resource>. Alternatively a hard copy may be requested from Antony Batty & Company LLP, 3 Field Court, Gray's Inn, London, WC1R 5EF or office@antonybatty.com. Please note, however, that the guides have not yet been updated for the revised legislation, so 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 £
Partner – appointment taker	435
Senior Manager	380
Manager	340
Supervisor/Senior Administrator 1	260
Supervisor/Senior Administrator 2	295
Case Administrator	175
Junior case administrator	895

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

Time is recorded in units of six minutes; the minimum unit of time is therefore six minutes.

Members of staff with the appropriate level of experience and authority will be used for the various aspects of work necessary in this assignment.

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.
- Investigations.
- Realisation of Assets.
- Creditors.
- Trading
- Case specific matters.

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 now only seek time costs on certain cases for the following categories:

- Investigations
- Distributions
- Trading

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.

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. 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 we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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.

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 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. 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 we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

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 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.

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.