

**REPORT TO CREDITORS
IN ACCORDANCE WITH STATEMENT OF INSOLVENCY PRACTICE 9**

Case Name	Hereford United Football Club (1939) Limited
Office Holders	Neil Francis Hickling
Firm	Smith & Williamson Limited
Address	No 1 St Swithin Street Worcester WR1 2PY
Telephone	01905 730100
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DX address	MDX 716307 Worcester 1
Reference	HE279/CJS
Type of Appointment	Company Voluntary Arrangement
Date of Appointment	21 January 1998

1 AN OVERVIEW OF THE CASE

1.1 Appointment

- 1.1.1 Neil Francis Hickling a director of Smith and Williamson Limited was appointed as Supervisor of the company on 21 January 1998 following the meeting of creditors held at this office on that date.

1.2 Strategy

- 1.2.1 The terms of the Arrangement, as approved by creditors, proposed that a third party, Chelverton Properties Ltd would make available sufficient funds to enable the company to continue to trade and cover dividend payments to creditors of 100p in the £ to preferential creditors and 40p in the £ to unsecured creditors.
- 1.2.2 The company also entered into a Joint Venture Agreement with the objective of acquiring the freehold interest of its trading site, obtaining planning permission and disposing of the site. If sufficient funds are realised from this Joint Venture Agreement it will enable unsecured creditors to receive payment of the balance of their claims.



2 EXPLANATION OF OFFICE-HOLDERS CHARGING AND DISBURSEMENT RECOVERY POLICIES

2.1 Time recording

- 2.1.1 The Worcester office of Smith & Williamson Limited ("SWL") is one of several offices throughout the country, mainly the South of England, which undertakes insolvency work. The firm's accounting and administrative functions are centrally based in the SWL central London office.
- 2.1.2 Time expended and disbursements expended (referred to as outlays) are recorded on the central computer system.
- 2.1.3 Hourly charge out rates are calculated by reference to the SWL national scale of rates adjusted for the individual office within SWL. Hourly rates are adjusted annually in line with the company's year end at each 30 April.
- 2.1.4 Time incurred by support staff is directly charged at the applicable hourly rates.
- 2.1.5 Prior to 31 December 2002 the time recording system did not record the analysis of time incurred between different categories of work undertaken in respect of an assignment. After 1 January 2003 the time recording system records the time incurred between the different categories of work recommended by SIP 9.

2.2 Disbursements

- 2.2.1 Separate charges are made for photocopying, postage, travelling and other directly incurred expenses as disbursements and these are recorded as "outlays" in the time reports. SWL raise invoices for these costs and when paid the invoices are analysed under the appropriate headings in the receipts and payments account.
- 2.2.2 All fees and disbursements invoices raised by SWL are subject to the addition of Value Added Tax at the standard rate of 17.5%.

3 SUMMARY NARRATIVE DESCRIPTION OF WORK CARRIED OUT

3.1 Administration and Planning

- 3.1.1 Filing of appointment documentation.
- 3.1.2 Notification of the appointment to the creditors and other interested parties.
- 3.1.3 Setting up case on IPS case management system and setting up case files.
- 3.1.4 Reviewing documentation and other available information and determining the initial strategy upon appointment.
- 3.1.5 Setting up and maintaining bank accounts and recording all necessary financial transactions from time to time.

3.1.6 Undertaking a review of the progress of the case at six monthly intervals.

3.1.7 Convening annual general meetings.

3.2 Realisation of assets

3.2.1 The receipts and payments account for the period ended 19 February 2004 (Appendix 1) discloses a balance of £878.06.

3.2.2 Funds totalling £315,000 were provided by the third party to enable preferential creditors to be paid in full and unsecured creditors to receive a dividend of 40p in the £..

3.2.3 The only potential asset realisation outstanding is dependent on the Joint Venture Agreement being successfully concluded.

3.3 Creditors

3.3.1 Setting up creditors on IPS case management system.

3.3.2 Recording creditors claims.

3.3.3 Responding to creditors enquiries as required from time to time.

3.3.4 Preferential Creditors were shown in the statement of affairs at £117,062. In the event preferential claims totalling £174,362.09 were received and these have been paid in full. Non-preferential creditors were shown in the statement of affairs at £282,833 and to date 23 claims totalling £217,862.59 have been received. These creditors have received a dividend of 40 p in the £ on their claims.

4 TIME AND CHARGE-OUT SUMMARIES

4.1 Statement of Insolvency Practice 9 (SIP9) a guidance note of best practice, concerns an insolvency practitioner's remuneration and expenses. SIP9 was revised with effect from 31 December 2002 after which date it was recommended that insolvency practitioners should provide a detailed analysis of their time costs. Time costs to 31 December 2002 amount to 599.40 hours at an average hourly rate of £82.20 totalling £49,272. Time costs after 31 December 2002 amount to 20 hours at an average hourly rate of £64.66 totalling £1,293.25 a breakdown of these costs are attached to this report, at Appendix 2

In common with all professional firms, our scale rates increase from time to time over the period of administration on each insolvency case. Full details including any increases relating to this case prior to 31 December 2002 are available on application. The applicable hourly rates from 1 January 2003 are given in Appendix 3.

4.2 The Arrangement provided that the Supervisor's remuneration was based on a time cost basis.

- 4.3 The Supervisor has drawn remuneration of £41,794.06 on account of his time costs to 19 February 2004.

5 SUPPORTING DOCUMENTS

- 5.1 A receipts and payments account for the period ended 16 February 2004 is attached as Appendix 1 of this report.
- 5.2 A time and charge out summary is attached as Appendix 2.
- 5.3 A schedule of applicable charge out rates for the period ended is attached as Appendix 3.

6 ANTICIPATED OUTCOME

- 6.1 As detailed above the only potential asset remaining is dependent on the Joint Venture Agreement being successfully implemented, which on present information appears highly unlikely.
- 6.2 The Arrangement will continue to run until it's tenth anniversary in the hope that the Joint Venture Agreement will be successful.



N F Hickling
Supervisor

19 February 2004

APPENDIX 1

**RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD ENDED 19 FEBRUARY 2004**

Hereford United F.C. (1939) Ltd
(Under a Voluntary Arrangement)
Supervisor's Abstract of Receipts And Payments
To 19/02/2004

	Total
	£
RECEIPTS	
Third Party Loan	315,000.00
Contribution	4,000.00
Bank Interest Net of Tax	8,407.17
	<hr/> 327,407.17 <hr/>
 PAYMENTS	
Petitioners Costs	533.00
Supervisors Fees	41,794.06
Supervisors Expenses	2,430.65
Agents/Valuers Fees (1)	500.00
Legal Fees (1)	10,223.00
Stationery & Postage	11.00
Inland Revenue	129,744.20
HM Customs & Excise	44,617.89
Trade & Expense Creditors	87,145.03
VAT Receivable	9,530.28
	<hr/> 326,529.11
 Balances In Hand	 878.06
	<hr/> 327,407.17 <hr/>

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

TIME AND CHARGE-OUT SUMMARY

Classification of work function	Hours					Time Cost £	Average Hourly Rate
	Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Time prior to 31 December 2002	80.00	206.50	21.40	291.50	599.40	49,272.00	82.20
Administration and Planning	0.00	0.00	9.75	8.50	18.25	1,184.50	64.90
Creditors	0.00	0.00	1.75	0.00	1.75	108.75	62.14
Total Hours	80.00	206.50	32.90	300.00	619.40	50,565.25	
Total Fees Claimed £	15,660.00	21,546.00	2,562.15	10,797.10		50,565.25	

APPENDIX 3

SCHEDULE OF APPLICABLE CHARGE-OUT RATES

Grade	Hourly Rates	
	Year ended	Year ended
	30/04/2003 £	30/04/2004 £
Directors and assistant directors	170 - 250	200 - 275
Managers	170 - 175	175 - 180
Other senior professionals	85 - 115	80 - 120
Assistants and support staff	25 - 65	25 - 75