

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company DEXTER PAINTS LIMITED	Company number 00388737
In the High Court of Justice Manchester District Registry Chancery Division <small>(full name of court)</small>	Court case number 3119 of 2008

- (a) Insert full name(s) and address(es) of administrator(s) I/We (a) A Poxon & J M Titley of Leonard Curtis, DTE House,
Hollins Mount, Bury BL9 8AT

attach a copy of ~~my~~ / our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date

(b) 17 December 2008

Signed



A Poxon & J M Titley - Joint /Administrator(s)

Dated 17 December 2008

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information should be given in full to each of the

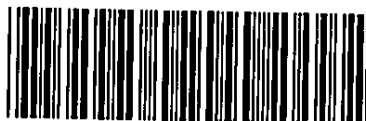
Leonard Curtis	
DTE House, Hollins Mount, Bury,	
BL9 8AT	Tel 0161 767 1250
DX Number	DX Exchange

If you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

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20/12/2008

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COMPANIES HOUSE



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

DEXTER PAINTS LIMITED (IN ADMINISTRATION)

**Registered Number 00388737
Court Ref: 3119 of 2008**

**Chancery Division, High Court
Manchester District Registry**

**Joint Administrators' Report to Creditors and Statement of Proposals
pursuant to Para 49 of Schedule B1 Insolvency Act 1986**

17 December 2008

Leonard Curtis

**DTE House, Hollins Mount, Bury BL9 8AT
Tel: 0161 767 1250 Fax: 0161 767 1240**

Ref: K/20/ASP/D317K/1010

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TO: THE REGISTRAR OF COMPANIES
THE COURT
ALL CREDITORS
ALL SHAREHOLDERS

1 INTRODUCTION

- 1.1 I refer to the appointment of myself and John Titley as Joint Administrators of Dexter Paints Limited ("the Company") on 24 October 2008 and now write to present the Joint Administrators' Report to Creditors and Statement of Proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 The Joint Administrators consider that realisations in this matter will be insufficient to enable a dividend to be paid to non-preferential unsecured creditors other than via the prescribed part calculation that is detailed below. Consequently, pursuant to Paragraph 52(1)(b) of the Insolvency Act 1986 the Joint Administrators are dispensing with the requirement to hold a creditors' meeting.
- 1.3 Creditors should refer to Appendix F to this report, which sets out the procedure by which creditors may request that a meeting be held if they require it.
- 1.4 In the event that no meeting is requisitioned the proposals at Appendix A will be deemed to have been approved.

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice, Manchester District Registry, Chancery Division under Court reference number 3119 of 2008.
- 2.2 The Company's registered office was changed from Dexter House, Trafalgar Street, Burnley, Lancs, BB11 1RE to DTE House, Hollins Mount, Bury BL9 8AT on 27 October 2008. The registered number is 00388737.
- 2.3 The Company's directors and secretary are:

Name	Role	Date Appointed	Date Resigned
Neil Eatough	Director	Pre 15/05/1991	-
Alan Sharples	Director	02/07/1991	-

- 2.4 The Company's share capital consists of 15,000 ordinary shares of £1 and these are owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Dexter Paints Holding Ltd	Ordinary	15,000	100%

- 2.5 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated in July 1944 and from then until recently traded from industrial manufacturing premises in Burnley and a number of small retail units throughout the North West.
- 3.2 The Company operated as a relatively small scale paint manufacturer with a particular emphasis on industrial coatings which included the supply of paint to a number of automotive companies which previously included TVR until its demise.
- 3.3 The Company diversified into the retailing of paints and related products and recently operated from a number of leasehold premises in the following locations:-
- Atherton
 - Preston
 - Burnley
 - Blackburn
 - Nelson
 - Lancaster
 - Grimsby
- 3.4 More recently, the Company had diversified into the production of biodiesel using the expertise of the chemists it employs. The diversification initially proved successful, however the directors recognised that the new product required significant additional funding to develop it further. The directors approached the Company's bankers during July 2007, Barclays Bank Plc ("Barclays") to assist in funding. The directors applied for an invoice finance facility with Barclays who provided an overdraft at that time.
- 3.5 However, Barclays were not able to assist with the new facility and so the directors made a decision to refinance the Company with The National Westminster Bank Plc ("Nat West Bank") who were able to arrange the invoice finance facility that was required through Royal Bank of Scotland Invoice Finance Limited ("RBSIF"). In addition a loan was arranged in the sum of approximately £420,000, this loan was secured on the company's trading property at Trafalgar Street. This property was owned by Dexter Paints Holding Limited. These funds were used to repay the Barclays overdraft in full and also to develop the Biodiesel product.
- 3.6 Despite the additional funding, the anticipated success of the biodiesel did not occur and following the effects of the recent fuel price volatility and more importantly, the very significant increase in the price of raw materials a decision was made for the operation to be closed down. Production of biodiesel was considered to be uneconomical and the company ceased production.
- 3.7 The Company had suffered from a downturn in trade in recent years which was linked to the general downturn in the construction industry, where significant volumes of product were supplied and had also incurred a number of bad debts. In addition, the Company had previously supplied product to the automotive industry and a downturn in this industry also resulted in a reduction of customer orders. The severe downturn in the house building market had a significant impact on paint and decorating material sales. The retail outlets supply bought in products to many commercial decorators who were subcontracted to the house building sector.
- 3.8 The directors recognised that the deteriorating market was having a negative impact on the business and sought to cut costs where possible. This included making a significant number of redundancies which has essentially halved the workforce to some 14 people. A further decision was made to close or sell where possible a number of the retail branches over the past year.
- 3.9 Despite the cost cutting exercise and the reduction in staffing which reduced the direct labour costs significantly, the sales of the company continued to fall. The directors recognised that there was little

DEXTER PAINTS LIMITED – IN ADMINISTRATION

prospect of the company trading out of its position and began to fall into arrears with its trade suppliers and the Crown departments in respect of PAYE, NIC and VAT.

- 3.10 Given the Company's financial position and the threat of creditor pressure, the directors approached Leonard Curtis for insolvency advice.
- 3.11 The Company is insolvent within the meaning of Section 123 1(a) in that it is unable to pay its debts as and when they fall due.
- 3.12 According to Companies House the following outstanding charges are registered against the Company:

Chargee	Description	Date Created	Amount Secured and Assets charged
Barclays Bank Plc	Debenture	01/06/2001	Fixed and floating charges over all monies. The directors of the Company have indicated that Barclays have been repaid in full and this charge should be shown as satisfied.
National Westminster Bank Plc	Debenture	03/07/2007	Fixed and floating charges over all monies.
RBS Invoice Finance Limited	Fixed Charge over Book Debts, Floating Charge over all other assets	20/11/2007	Fixed and floating charges over all monies.

- 3.13 The Company had granted a debenture to Nat West Bank and fixed and floating charges to RBSIF. These charges were qualifying floating charges for the purposes of paragraph 15(2) of schedule B1 to the Insolvency Act 1986 and so a Notice of Intention to Appoint Administrators needed to be served on both Nat West Bank and RBSIF.
- 3.14 Nat West Bank and RBSIF consented to the appointment of John Titley and Andrew Poxon of Leonard Curtis who were subsequently appointed as Joint Administrators on 24 October 2008, by the directors of the Company.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the 36 months ending 30 November 2007 are detailed below together with management accounts for the period to 31 August 2008:

DEXTER PAINTS LIMITED – IN ADMINISTRATION

	Financial Statements for Year Ended 30/11/05 £'000	Financial Statements for Year Ended 30/11/06 £'000	Draft Financial Statements for Year Ended 30/11/07 £'000	Draft Management Accounts for Period ended 31/08/08 £'000
Turnover	3,155	2,807	2,447	1,763
Cost of Sales	(2,058)	(1,783)	(1,637)	(1,167)
Gross Profit	1,097	1,024	810	596
Administrative Expenses	(1,258)	(1,225)	(1,126)	(868)
Other Operating Income	5	5	41	-
Operating Loss	(156)	(196)	(275)	(272)
Other Exceptional Income	193	Nil	Nil	Nil
Interest payable and similar charges	(18)	(22)	(44)	Nil
Net (Loss)/Profit	19	(218)	(319)	(272)

- 4.2 The balance sheets as at 30 November 2005, 30 November 2006 and 30 November 2007 are detailed below:

	Financial Statements for Year Ended 30/11/05 £'000	Financial Statements for Year Ended 30/11/06 £'000	Draft Financial Statements for Year Ended 30/11/07 £'000
Fixed Assets			
Tangible Assets	131	99	90
	<u>131</u>	<u>99</u>	<u>90</u>
Current Assets			
Stocks	612	626	618
Debtors	586	459	628
Cash	-	-	11
	<u>1,198</u>	<u>1,085</u>	<u>1,257</u>
Creditors: Amounts Falling due within one year	(968)	(1,046)	(1,110)
Net Current Assets/(Liabilities)	230	39	147
Total Assets Less Current Liabilities	361	138	237
Creditors: Amounts falling due after more than year	(18)	(12)	(430)
Net (liabilities)/assets	343	126	(193)
Represented by			
Called up share capital	15	15	15
Other reserves	45	45	45
Profit and Loss account	283	66	(253)
Shareholders' Funds	343	126	(193)

4.3 Statement of Affairs

In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986 the directors of the Company have been requested to provide a statement of affairs of the Company as at the date of the commencement of the Administration. No order limiting the disclosure of the statement of affairs pursuant to rule 2.30 of the Insolvency Rules 1986 (as amended) has been made by the Court.

A sworn Statement of Affairs is in the course of preparation and has not yet been submitted by the directors. An estimated Statement of Affairs has been prepared by the joint administrators for the purposes of this report and this is attached at Appendix B along with supporting notes. An estimate has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable for illustrative purposes only. The following comments are considered to be relevant and should be borne in mind when reading the figures:

4.4 Prescribed Part

At the date of the administration, according to Companies House, the Company had the following unsatisfied post-Enterprise Act charges:

Person(s) entitled	Date of charge
National Westminster Bank Plc	03/07/2007
RBS Invoice Finance Limited	20/11/2007

NB: According to Companies House the Company have granted a debenture to Barclays which was created on 1 June 2001, however it is not shown here since the directors of the Company have indicated that Barclays have been repaid in full and this charge should be shown as satisfied and in any case the security pre dates the Enterprise Act.

Section 176A of the Insolvency Act 1986 provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount, which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

50% of the first £10,000 of net property;
20% of net property thereafter;
Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if:
the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or

He applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Rule 2.33 of The Insolvency Rules 1986 requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

In this instance, it is unlikely that there will be any funds available after discharging the professional costs of the administration and the preferential creditor claims. As a consequence there will be no requirement to calculate a prescribed part.

4.5 Secured Creditors

According to Companies House the Company had granted a debenture to Barclays that was created on 1 June 2001 and registered on 7 June 2001. It is understood from the directors of the Company that under their debenture Barclays has been repaid in full and should be shown as satisfied.

In addition the Company also granted a debenture to Nat West Bank that was created on 3 July 2007 and registered on 6 July 2007. At the date of administration Nat West Bank were owed some £32,000 in respect of an overdraft and approximately £420,000 in respect of a loan agreement secured over property held by the holding company, Dexter Paints Holding Limited. We understand that this loan has been transferred over to Dexter Paints Holding Limited and that Nat West Bank is likely to be repaid in full in that regard.

As previously stated the Company financed its book debt ledger with RBSIF and had granted a fixed charge over book debts and a floating charge over all other assets which was created on 20 November 2007 and registered on 21 November 2007. At the date of administration the gross debtors ledger was approximately £290,000, the approved debtors were approximately £278,000 and the current account was approximately £255,000. As at the date of this report collections equate to £83,728.21. Future collections of between £110,000 and £120,000 are anticipated which will result in a shortfall to RBSIF in this instance.

4.6 Preferential Claims

With effect from 15 September 2003 preferential status has been abolished for debts owing to HM Revenue and Customs. Such debts rank alongside other unsecured non-preferential creditors' claims. The claims which remain preferential are those of employees in respect of wages (up to £800 per employee) and holiday pay. A number of redundancies were made by the Company prior to the administration due to economic reasons since the Company could not meet wages payments. The remaining employees were made redundant immediately on the date of administration. The administrator has retained the credit controller in the short term to assist in debtor collections. However, it is intended that they will be made redundant once the debtor collections are complete. Accordingly a preferential claim is expected from the Redundancy Payments Office, although no claim has yet been received. It is uncertain whether there will be sufficient funds to pay a dividend to the preferential creditors of the Company in this case. In addition, the level and timing of any distribution is subject to discharging the costs of Administration.

4.7 Unsecured Non Preferential Claims

All unsecured non-preferential claims will be subject to agreement by a subsequently appointed Liquidator in due course, should liquidation be the appropriate exit route from the administration process. It is unlikely that there will be sufficient funds to enable a distribution to be made to the unsecured non preferential creditors in this instance.

4.8 Receipts and Payments

A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE ADMINISTRATORS' APPOINTMENT

5.1 Sale of Business

Upon appointment, the Joint Administrators investigated the possibility of concluding a sale of the business and assets as a going concern.

A firm of independent valuation agents were instructed to attend the company premises and undertake a valuation of the Company assets. A strategy was established which identified a number of potentially interested parties. In view of the significant wages and overheads costs the Joint Administrators were keen to complete a sale of the business and/or assets as quickly and efficiently as possible. In addition the Company had ceased to trade prior to the administration and the customer base would quickly deteriorate if a sale of the business and/or its various parts was not concluded quickly.

The interested parties were contacted and discussions were held with each in order to progress any interest that they had expressed. A period of negotiation followed, however it soon became apparent that the interested party was not in a position to conclude a sale on a going concern basis.

Three separate offers were received to purchase the Company's business and/or assets. The offers were received in respect of the stock and goodwill in 2 of the retail sites at Blackburn and Burnley and the goodwill and assets of the manufacturing side of the business at Burnley. The purchasing companies were Dexters of Burnley Limited, Dexter Decorative Supplies Limited and Advance CP Limited. The total consideration was £59,500 of which £34,500 was paid on completion and the balance is payable by way of deferred consideration. The joint administrators were advised by Cobbetts LLP Solicitors, the purchasing companies did not appoint legal advisors. The sales consideration was apportioned as follows:

	£
Goodwill	35,000
Stock, Fixtures and Fittings, Plant, Machinery and one vehicle	19,500
Work in Progress	5,000
	<u>59,500</u>

It should be noted that the whole of the sale consideration in respect of the manufacturing business and assets has been personally guaranteed by Neil Eatough.

To date £38,666.66 has been paid by the 3 purchasing companies and the instalment agreement is up to date.

5.2 Plant, Machinery and Stock

These assets have been independently valued by SHM Smith Hodgkinson. The offer of £19,500 which formed part of the offers outlined above was recommended for acceptance by SHM Smith Hodgkinson.

5.3 Work in Progress

The offer of £5,000 which formed part of the offer outlined above was recommended for acceptance by SHM Smith Hodgkinson.

5.4 Book Debts

The Company financed its book debt ledger with RBSIF and had granted a fixed charge over book debts which was created on 20 November 2007 and registered on 21 November 2007. At the date of administration the gross debtors ledger was approximately £290,000, the approved debtors were approximately £278,000 and the current account was approximately £255,000. As at the date of this report collections equate to £83,728.21. It is anticipated that future collections of between £110,000 and £120,000 will be made which will result in a shortfall to RBSIF in this instance.

5.5 Motor Vehicles

The Company owned 3 additional unencumbered motor vehicles which were excluded from the sale. Our agent has valued the vehicles at approximately £15,000. To date one vehicle has been sold for a consideration of £5,000. Our agents continue to market the remaining vehicles for sale.

5.5 Professional Advisors Used

On this assignment the Joint Administrators have used the professional advisors listed below.

Name of Professional Advisor	Service Provided	Basis of Fees
Cobbetts LLP	Legal advice	Time costs
EK Employment Law Consultants	Employment Law advice	Time costs
SHM Smith Hodgkinson	Asset valuation advice	Time costs

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix E, "A Creditors' Guide to Administrators' Fees".

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the objective of:

- (a) Rescuing the Company as a going concern, or (if this cannot be achieved)
- (b) Achieving 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 (if (a) and (b) cannot be achieved)
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

6.2 In my opinion, it was not possible to achieve the first objective given the extent of the historic liabilities.

6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). In my opinion this objective is unlikely to be achieved as it is estimated that there will be no return to unsecured creditors in this instance other than possibly through the prescribed part calculation.

6.4 The third objective is to realise property in order to make a distribution to secured or preferential creditors. The realisation of the Company's goodwill and book debts is anticipated to result in repayment in full or in part for the secured and preferential creditors, thus achieving the third purpose.

- 6.5 The Administration has been, and will continue to be, financed by monies received from asset realisations.

7 ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators Proposals are attached at Appendix A.
- 7.2 As stated in paragraph 1.2 above, the Joint Administrators are dispensing with the requirement to hold a creditors meeting in this case. The Joint Administrators are obliged to hold an initial creditors meeting if 10% in value of the creditors require it. If you wish for a meeting to be held, you must notify me in writing using the prescribed form (which is available upon request) on or before 31 December 2008. Please supply written details of your debt as at the date of the Joint Administrators' appointment. Security for the costs of holding the meeting must also be provided.
- 7.3 On completion of the Administration, the Proposals allow the Joint Administrators to place the Company into Creditors' Voluntary Liquidation ("CVL") if appropriate and appoint myself and/or J M Titley as (Joint) Liquidator(s). Creditors may nominate a different person to be Liquidator provided that the nomination is made after receipt of the Proposals and before they are approved.
- 7.4 Alternatively, if no distribution will be available to unsecured creditors, then the Proposals allow for the administrators to apply for the Company to be dissolved.
- 7.5 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.

8 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 8.1 I propose to ask the secured and preferential creditors to fix the basis upon which the remuneration of the Joint Administrators is fixed.
- 8.2 In accordance with the provisions of Rule 2.106(2) of the Insolvency Rules 1986 the remuneration of the Joint Administrators may be fixed either as a percentage of the assets realised and distributed in the Administration or, alternatively, by reference to the time spent. In this case I am requesting the secured and preferential creditors to agree to the latter and will write to them separately.
- 8.3 Further details of my firm's charge out rates and policy regarding staff allocation, support staff and the use of subcontractors may be found in "A Creditors Guide to Administrators' Fees". This may be downloaded from www.leonardcurtis.co.uk/downloads.html and is also available from my office free of charge. I enclose a summary of my time costs to date at Appendix D. The summary of time costs at Appendix D includes a sum of £3,899.50 which was incurred in the period prior to our appointment on 24 October 2008, which creditors are not required to approve although we are bringing the level of pre appointment time to the attention of the creditors for information purposes.

The time was spent on this matter by the Joint Administrators and their staff prior to their formal appointment on 27 June 2008 is detailed below:

	£
Financial assessment	1,675.00
Strategy & purpose evaluation	1,909.50
Preparation of documents	135.00
Court related issues	180.00
Total pre-appointment time	<u>3,899.50</u>

8.4 The Joint Administrators also require approval in respect of the basis upon which they recharge internal disbursements that include an element of allocated costs. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

8.5 Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the our remuneration. Such expenditure is referred to as a "category 2 disbursement". In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Room Hire	£100
Storage of office files (6 years)	£85.40 per box

9 ANTICIPATED OUTCOME AND RELEASE OF ADMINISTRATORS FROM LIABILITY

9.1 It is unlikely that there will be a return to the Company's unsecured creditors in this instance other than via the prescribed part calculation. Any return is dependant on asset realisations and discharging of the professional costs associated with the administration, in addition to paying the preferential creditor claims.

9.2 As soon as all outstanding matters in the Administration have been attended to it is anticipated that an application will be made to the Registrar of Companies for the Administration to cease and for the Company to be placed into CVL, or dissolved as appropriate.

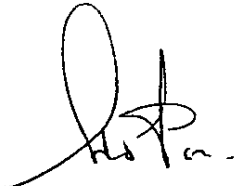
9.3 On the registration of the relevant notice with the Registrar of Companies, the Administration and the appointment of the Administrators will automatically cease.

9.4 Ordinarily, it is for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. Paragraph 98(3) of Schedule B1 Insolvency Act 1986 however provides that where the administrators have made a statement under paragraph 52(1)(b), such a resolution shall only be taken as passed with the approval of the secured and, if appropriate, preferential creditors of the Company.

DEXTER PAINTS LIMITED – IN ADMINISTRATION

9.5 We have written to the secured and preferential creditors under separate cover in respect of our remuneration and discharge from liability.

for and on behalf of
DEXTER PAINTS LIMITED

A handwritten signature in black ink, appearing to read 'A. Poxon', is written over a horizontal line.

A POXON
Joint Administrator

Licensed by Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that Andrew Poxon and/or John Titley be appointed (Joint) Liquidator(s) of the Company. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
3. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators will file a Notice with the Registrar of Companies that the Company should be dissolved.
4. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
5. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Andrew Poxon and John Titley be appointed (joint) liquidator(s) of the Company.

DEXTER PAINTS LIMITED – IN ADMINISTRATION

APPENDIX B

ESTIMATED STATEMENT OF AFFAIRS AS AT 24 OCTOBER 2008

	NOTES	BOOK VALUE £'000	ESTIMATED TO REALISE £'000
Assets Specifically Pledged			
Goodwill	1	Nil	35
Less: National Westminster Bank Plc – Overdraft	2	(32)	(32)
Less: National Westminster Bank Plc - Loan	2	(420)	(420)
Deficit as Regards National Westminster Bank Plc b/d		(452)	(417)
Trade Debtors	3	290	204
Amount Due to RBS Invoice Finance Limited		(255)	(255)
		35	(51)
Assets subject to hire purchase		48	35
Estimated Amount due to Hire Companies		(30)	(35)
Surplus as regards to Finance Companies		18	Nil
Assets Not Specifically Pledged			
Surplus as regards Finance Agreements		18	Nil
Surplus as regards to RBS Invoice Finance Limited		35	Nil
Other debtors and prepayments		30	Nil
Stocks, Work in Progress, Plant and Machinery	4	600	24
Motor Vehicle(s)	5	15	15
		698	39
Costs (est)			(39)
Preferential Creditors	6	(15)	(15)
		683	(15)
Less: Prescribed Part	7	-	N/A
		683	(15)
Floating Charge holder			
RBS Invoice Finance Limited		-	(51)
National Westminster Bank Plc		(452)	(417)
Deficit as regards National Westminster Bank Plc		231	(483)
Add Back Prescribed Part		-	N/A
		231	(483)
Unsecured Non-Preferential Creditors			
Trade Creditors and Accruals		(383)	(383)
VAT/PAYE/Duty		(102)	(102)
Dexter Paints Holding Ltd	8	(144)	(144)
Deficit as regards Unsecured Creditors		(398)	(1,112)
Less Share Capital		(15)	(15)
Deficit as regards Members		(413)	(1,127)

NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS

All book values have been taken from the Company's records. An estimate of costs has been included for illustration purposes only.

1. Goodwill

The Goodwill of the Company had a value of £nil in the books and records. However the Purchasing Companies offered to pay £35,000 as part of the offers to acquire the business and assets. Our independent valuation agents recommended that this offer be accepted.

2. Secured Creditors

The Company granted a debenture to Nat West Bank that was created on 3 July 2007 and registered on 6 July 2007. At the date of administration Nat West Bank were owed some £32,000 in respect of an overdraft and approximately £420,000 in respect of a loan agreement. We are advised that Nat West Bank have the benefit of security in respect of the loan in the form of a property held by the holding company, Dexter Paints Holdings Limited ("Holdings"). We understand that this loan has been transferred to Holdings and that Nat West Bank is likely to be repaid in full in that regard.

As outlined below the Company also granted security to RBSIF in respect of the invoice finance agreement.

3. Book Debts

The book value of the Book Debts of the Company have been extracted from the books and records of the Company and from information provided by the directors. The Company financed its book debt ledger with RBSIF and had granted a fixed charge over book debts which was created on 20 November 2007 and registered on 21 November 2007. At the date of administration the gross debtors ledger was approximately £290,000, the approved debtors were approximately £278,000 and the current account was approximately £255,000. As at the date of this report collections equate to £83,728.21. However we are advised that anticipated future collection of between £110,000 and £120,000 are anticipated which will result in a shortfall to RBSIF in this instance.

4. Stocks, Work in Progress, Plant and Machinery

The book value of the vehicles, plant, fixtures and fittings have been extracted from the books and records of the Company and from information provided by the directors. In addition, these assets have been valued by an independent firm of valuation agents, SHM Smith Hodgkinson. SHM Smith Hodgkinson have reviewed the stock position. A significant amount of the stock has been accumulated over many years and the majority of stock is deemed to be obsolete or out of date. The stock owned by the Company, was sold subject to any Retention of Title claims from suppliers. The offers received equated to £24,500 for the Company's interest in the stock, work in progress, plant and machinery.

5. Motor Vehicles

The Company owned 3 additional unencumbered motor vehicles. Our agent has valued the vehicles at approximately £15,000. To date one vehicle has been sold for a consideration of £5,000. Our agents continue to market the remaining vehicles for sale.

6. Preferential Creditors

The directors made a number of staff redundancies prior to administration for economic reasons. In addition, the staff on the industrial side of the business were made redundant by the Administrators immediately following their appointment. Accordingly a preferential claim is anticipated but has not yet been submitted by the Redundancy Payments Office. The claim has been estimated for the purposes of this report.

7. Prescribed part calculation

Section 176A of the Insolvency Act 1986 requires the Insolvency Practitioner in certain circumstances, where the company has created a floating charge after 15 September 2003 (being the date of the implementation of the Enterprise Act 2002), to make a "prescribed part" of the company's net property available for the satisfaction of unsecured debts in priority to the floating charge holder.

In this instance, after taking into account the estimated costs and preferential creditor claims it is unlikely that a prescribed part will be set aside.

8. Dexter Paints Holding Limited

Dexter Paints Holding Limited advanced funds totalling approximately £144,000 to fund trading expenses and the development of the Biodiesel side of the business. This lending was unsecured.

Galerie Limited	The Barn Tibbs Court Farm	Cryals Road	Breckchley	657.70
Grolman Ltd	1st Floor	Barlays Bank Building	Chepstow	12,242.80
Graffiti Magic Limited	Unit 10 Park Farm Industrial Estate	Folkestone	Kent	76.38
Chris Gregory	07809 833 330			1,582.72
Harlequin Harris	Ladybird House	Beeches Road	LE11 2HA	111.11
Humbrol Limited	Marfleet	Hull		499.25
Harris L.G. & Co. Ltd.	Stoke Prior	Bronsgrove	B60 4AE	8,478.28
H & J Chemicals Ltd	57 Park Avenue	Euxton	Lancs	3,516.19
Synthomer Limited	South Marsh Road	Stallingborough	CHorley	1,742.41
Hi-Tec Spray Limited	Herenden Road	Parkwood Industrial Estate	DN41 8DB	78.55
Ciret Limited	Total Logistics Building	Fulford Road	Kent	2,383.05
H B Body UK Limited	Unit 5, Bodmin Road Industrial Es	Bodmin Road	Havant	796.85
I C I Paints	P.O. Box 1074	Wexham Road	CV2 5DB	13,500.05
PPG Industries Ltd	PO Box 396	Stoke House	SL2 4XJ	6,979.01
Industrial Supplies Limited	Units 3 & 4 Brookfield Industrial E	Brookfield Road	SK8 2PN	436.79
ITW Finishing Systems and Products	Ringwood Road	Bournewood	Dorset	649.27
Anest Iwata (UK) Ltd	Unit 10 Little End Road	Eaton Solon	St Neots	104.99
Indasa - Abrasives (UK) Ltd	Viking Works	113 Greenstead Road	CO1 2SS	1,398.57
Super Stork (IPT) Limited	1 Carlisle Road	Colindale	NW9 0HD	27.66
ESF PLC	PO Box 343	Feltham	TW13 7WH	2,572.38
IGOE International Ltd	Unit 12 Enterprise Centre	25 Greenhill Crescent	Watford	275.00
J M B Limited	Unit 1 Whitewalls Close	Whitewalls Industrial Estate	Colne	3,583.75
Jolun Powder Coatings Limited	Slather Road	Flixborough	DN15 8RR	172.02
JDS Trucks	Forrest Street	Fort Industrial Estate	Blackburn	90.36
JP Filtration	Victoria Road	Fenton	Stoke on Trent	433.58
Kenyon Road Haulage	Thornley Avenue	Blackburn	Lancashire	764.40
Dellalyo Kestrel Equip Ltd	Unit 21 & 23 Scott Road	Off Park Avenue	LU3 3 BF	657.11
Kromachem Ltd	Unit 10 Mnoor Park Industrial Estat	Tolpits Lane	Bedfordshire	688.55
Sigmakalon UK Limited	Huddersfield Road	Birstall	Hertfordshire	45,863.99
LJ Specialities Ltd	Enterprise Drive	Holmewood Industrial Park	West Yorkshire	534.63
Lechler Coatings Ltd	Unit 42 Pochin Way	Middlewich	Derbyshire	6,366.82
Lycos	Howcroft House	919 Bradford Road	CW10 0GY	536.51
Mirka Abrasives Ltd	7 Holdom Avenue	Blethley	Batley	508.16
3M United Kingdom Plc	3M Centre	Cain Rd	Milton Keynes	6,535.14
Mersey Equipment Co. Ltd	Arc House	Taylor Street	Berks	903.93
Multisol Limited	Welsh House	83 Welsh Row	Merseyside	3,192.22
PPG Industries Ltd (Max Meyer)	PO Box 396	Slough	Cheshire	15,427.25
Mav Wallcoverings Limited	28 Corringham Road Ind Est	Gainsborough	Lincs	567.52
Mathouse Products Ltd	Mathouse Bus, Units	Daniels Water	Great Chart	639.52
Nine Telecom Ltd	Marbridge House	Enterprise way	Edenbridge	2,670.74
OMYA UK Limited	OMYA House	Stephensons Way	Wyvern Business Park	9,202.16
Novadec	260 Bath Road	Colongose Road	Derby	349.33
Opton Hygiene	Unit 6, Riverside Ind Estate	Slough	SL1 4DX	1,502.72
PJ Colours	Excelsior Works	Cliffe Street	BB9 7ZR	84.13
Power Pipes (Pendle)	Maud Street Works	Castle Park	Nelson	103.99
P A L Pallet	Springhall Road	Barrowford	Flintshire	668.28
Plasti-Kote Ltd.	London Road Ind. Estate	Burnley	BB11 2NT	41.13
Petre Process Plant Ltd	Carr Cottage Mill	Sawston	Cambridge	1,179.75
P3 Computer Services Ltd	2 Healey Wood Road	Whalley New Road	Blackburn	307.85
Phoenix Fire Protection	16 The Coppice	Burnley	Lancashire	853.13
PHS Group	Western Industrial Estate	Ingol	Preston	480.28
		Caerphilly	CF83 1XH	58.69

CREDITORS LIST FOR ESTIMATED STATEMENT OF AFFAIRS

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS
FROM 24 OCTOBER 2008 TO 17 DECEMBER 2008**

	Per Statement of Affairs £	Receipts and Payments as at 17/12/08 £
Receipts		
Goodwill	35,000	25,000.00
Interest	Nil	39.19
Work in Progress	5,000	4,166.66
Rates Refund	Nil	991.01
Stock, Fixtures, Fittings, Plant and Machinery	19,500	9,500.00
Motor Vehicles	15,000	5,000.00
Administrators Trading Sales	Nil	732.00
VAT Control Account	Nil	84.98
		<hr/> 45,513.84
Payments		
Wages and Salaries		2,767.76
Secured Creditor – Nat West Bank		25,000.00
Bank Charges		20.00
Other Professional Fees		246.50
		<hr/> 28,034.26
Balance In Hand		<hr/> <hr/> 17,479.58

Note

Debtor collections in the sum of £83,728.21 have been made and paid directly to RBSIF under the terms of their fixed charge security

DEXTER PAINTS LIMITED – IN ADMINISTRATION

APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS TIME COSTS

	Director		Senior Manager		Manager 1		Administrator 2		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	-	-	-	3	79.50	-	-	-	-	3	79.50	265.00
Assets	42	1,533.00	15	472.50	-	-	151	2,265.00	114	1,083.00	322	5,353.50	166.26
Liabilities	-	-	2	63.00	-	-	37	555.00	30	285.00	69	903.00	130.87
Landlords	-	-	2	63.00	-	-	5	75.00	-	-	7	138.00	197.14
Trading	5	182.50	-	-	-	-	-	-	-	-	5	182.50	365.00
Debenture Holder	-	-	4	126.00	-	-	-	-	-	-	4	126.00	315.00
General Administration	-	-	-	-	2	53.00	-	-	5	47.50	7	100.50	143.57
Appointment	36	1,314.00	6	189.00	-	-	19	285.00	-	-	61	1,788.00	293.11

Total

83	3,029.50	29	913.50	5	132.50	212	3,180.00	149	1,415.50	478	8,671.00
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Average Hourly Rate (£)

365.00	315.00	265.00	150.00	95.00	181.40
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All Units are 6 minutes

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the Company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the Company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied.

Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

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

- 4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee

would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

- 4.3** There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the Company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of

- each secured creditor of the Company; or
- if the administrator has made or intends to make a distribution to preferential creditors
 - each secured creditor of the Company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the Company.

- 4.4** A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

- 5.1.1** When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

- 5.1.2** Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

- 5.1.3** Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

- Partner
- Manager
- Other senior professionals

- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation. Additional information in relation to the policy of Leonard Curtis regarding such disbursements and the basis for their calculation can be found at the end of this Guide.

6 What if a creditor is dissatisfied?

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the Company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the Company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9 Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the Company.

The information which must be provided is:

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

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

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

ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS REGARDING FEES AND DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors:

Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active partner involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is charged.

With effect from 1 January 2008 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

Partner	£365
Senior Manager	£315
Manager 1	£265
Manager 2	£230
Administrator 1	£175
Administrator 2	£150
Administrator 3	£130
Administrator 4	£95
Support	£0

Details of any subcontractor(s) used will be given in subsequent reports to creditors.

Professional Advisors

Details of any professional advisor(s) used are given in the report which accompanies this Guide. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the administrator's remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£62.90 per box

EXTRACTS FROM INSOLVENCY ACT AND RULES 1986

PARAGRAPH 52(2) SCHEDULE B1

- (2) But the Administrator shall summon an initial creditors meeting if it is requested -
- (a) by creditors of the Company whose debts amount to at least 10% of the total debts of the Company,
 - (b) in the prescribed manner; and
 - (c) in the prescribed period

RULE 2.33(5)

- (5) Where the administrator has made a statement under paragraph 52(1) and has not called an initial meeting of creditors, the proposals sent out under this Rule and Paragraph 49 will (if no meeting has been requisitioned under paragraph 52(2) within the period set out in the Rule 2.37(1)) be deemed to have been approved by the creditors.

RULE 2.37(1)

- (1) The request for a creditors' meeting under paragraph 52(2) or 56(1) shall be in Form 2. 2.21B [forms are available from the administrator on request]. A request for an initial creditors meeting shall be made within 12 days of the date on which the administrators' statement of proposals is sent out. A request under paragraph 52(2) or 56(1) shall include;
- (a) a list of creditors concurring with the request, showing the amounts of their respective debts in the administration;
 - (b) from each creditor concurring, written confirmation of his concurrence; and
 - (d) a statement of the purpose of the proposed meeting

but sub-paragraph (a) does not apply if the requisitioning creditor's debt is alone sufficient without the concurrence of other creditors.

STATEMENT OF CLAIM FORM

Date of administration order: 24 October 2008

Name of creditor:

Address of creditor:

Gross amount of claim:
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can be
substantiated:
(eg invoices)

Particulars of how and when debt
incurred:

Particulars of any security held, the
value of the security and the date it
was given:

Signature of creditor or person
authorised to act on his behalf:

Name in BLOCK CAPITALS:

Position with or relation to creditor:
