

The Insolvency Act 1986

# Statement of administrator's proposals

# 2.17B

Name of Company TRUMETER COMPANY LIMITED	Company number 00493430
In the HCJ Manchester District Registry [full name of court]	Court case number 179 of 2010

(a) Insert full name(s) and address(es) of administrator(s) I/We (a) J M Titley & A Poxon 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) 24 March 2010

Signed

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

Dated 24 March 2010

## 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 that you give will be visible to searchers of the public record.

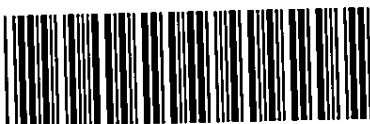
Leonard Curtis	
DTE House, Hollins Mount, Bury,	
BL9 8AT	Tel 0161 767 1250
DX Number	DX Exchange

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

THURSDAY



A15 25/03/2010 222  
COMPANIES HOUSE



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**TRUMETER COMPANY LIMITED  
(IN ADMINISTRATION)**

Registered Number 00493430  
Court Ref 179 of 2010  
Chancery Division, High Court of Justice  
Manchester District Registry

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

**24 March 2010**

Leonard Curtis

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

Ref T520R

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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 Andrew Poxon as Joint Administrators ("the Joint Administrators") of Trumeter Company Limited ("the Company") on 29 January 2010 and now write to present the Joint Administrators' 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 unsecured creditors other than by virtue of a prescribed part fund. Consequently, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986 the Joint Administrators are dispensing with the requirement to hold a creditors' meeting

1.3 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 7 April 2010. 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

1.4 In the event that no meeting is requisitioned the proposals 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 179 of 2010

2.2 The Company's registered office was changed from Milltown Street, Radcliffe, Manchester M26 1NX to DTE House, Hollins Mount, Bury BL9 8AT on 12 February 2010. The registered number is 00493430

2.3 The Company's directors and company secretary are

Name	Role	Date Appointed
Jeffrey Allen	Director	08/03/1991
Daniel Weidenbaum	Director	15/06/1993
Peter Weidenbaum	Director	08/03/1991
Ruth Weidenbaum	Director	08/03/1991
Daniel Weidenbaum	Company Secretary	22/07/2002

2.4 The Company's share capital consists of 11153 £1 ordinary shares owned as follows

Name	Number of Ordinary Shares	% of total owned
Trumeter Group Ltd	11153	100
	11153	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 on 29 March 1951 and traded from leased premises at Milltown Street, Radcliffe, Manchester M26 1NX
- 3 2 The Company was a global designer, manufacturer and distributor of sophisticated measurement instruments and automotive lighting systems for a wide range of industries and customers in over 50 countries in the water and automotive markets
- 3 3 The Company's manufacturing line was based in Malaysia and operated by a 100% subsidiary, Trumeter (Malaysia) Sdn Bhd ("TMSB") TMSB was severely undercapitalised and as a result was unable to manufacture at a sufficient level to meet demand in the period post April 2008
- 3 4 As a consequence of the reduced manufacturing capacity, by 2009 the Company's turnover and gross margin had reduced significantly and TMSB required a substantial investment to enable the working capital needs to be met and restore the production capacity to a sufficient level
- 3 5 In the latter part of 2009, attempts were made to secure equity and debt investment for this purpose and 45 potential investors were contacted in this regard
- 3 6 During this difficult trading period, the Company made proposals to H M Revenue & Customs ("HMRC") to repay its PAYE and VAT arrears
- 3 7 Financial arrangements were made for extended payment terms with HMRC and trade creditors but, unfortunately, these arrangements were not met due to the reduced level of activity and the resulting lack of cash
- 3 8 By January 2010, the Company was experiencing severe cash flow problems which resulted in increasing creditor pressure from the Crown departments and trade creditors
- 3 9 The directors of the Company subsequently sought advice from Leonard Curtis in relation to their options to best protect the value of the business of the Company
- 3 10 A Notice appointing A Poxon and J M Titley as Joint Administrators of the Company was given by the directors and filed in the High Court of Justice, Manchester District Registry, Chancery Division on 29 January 2010
- 3 11 My partner, Andrew Poxon and I are licensed by the Institute of Chartered Accountants in England and Wales In accordance with paragraph 100(2) of the Insolvency Schedule B1 to the Act, the function of the joint administrators may be exercised by either or both, acting jointly or alone

#### 4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the three years ended 30 April 2009 and for the seven month period to 30 November 2009 are summarised below

	Management to 30 Nov 2009 £'000	Management to 30 April 2009 £'000	Financial Statements to 30 April 2008 £'000	Financial Statements to 30 April 2007 £'000
Sales	3,321	7,070	7,971	6,970
Cost of Sales	(2,421)	(4,845)	(5,080)	(4,060)
Gross Profit	900	2,225	2,891	2,910
Other Operating Income	-	200	229	92
Administration & Distribution Expenses	(1,132)	(2,475)	(2,905)	(2,923)
Interest Payable	(96)	(153)	(176)	(164)
Net Profit/(Loss) before Tax	(328)	(203)	39	(85)

- 4.2 The directors of the Company have provided balance sheets as at 30 April 2007, 2008 and 2009 and as at 30 November 2009, summarised as follows

	Management at 30 Nov 2009 £'000	Management at 30 April 2009 £'000	Financial Statements at 30 April 2008 £'000	Financial Statements at 30 April 2007 £'000
<b>Fixed Assets</b>				
Fixed Assets	809	909	1,127	1,413
Investments	335	278	278	272
	1,144	1,187	1,405	1,685
<b>Current Assets</b>				
Cash at Bank	-	1	103	88
Debtors	786	1,230	2,002	1,393
Stock	302	552	699	840
<b>Total Current Assets</b>	1,088	1,783	2,804	2,321
<b>Current Liabilities</b>				
Trade Creditors	(746)	(783)	(1,509)	(1,532)
Directors Loan Account	(67)	(67)	(71)	(93)
Bank/Finance	(702)	(1,120)	(1,583)	(1,027)
<b>Total Current Liabilities</b>	(1,515)	(1,970)	(3,163)	(2,652)
<b>Net Current Assets / (Liabilities)</b>	(427)	(187)	(359)	(331)
<b>Long Term Liabilities</b>	64	63	(7)	(305)
<b>Total Net Assets</b>	781	1,063	1,039	1,049

It can be seen that the Company has had net current liabilities for some time and therefore, substantial investment of working capital would have been required to restore liquidity.

In addition, the Company's turnover and gross margin fell significantly in both the year to 30 April 2009 and the period to 30 November 2009 with substantial losses being incurred in both periods

The debit balance in long term liabilities at 30 April 2009 and 30 November 2009 is attributable to the Company's defined benefit pension scheme. It is shown on the balance sheet but is not considered to be realisable

#### 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 Statement of Affairs has not yet been received.

Attached at Appendix B is a summary of the financial position of the Company as at 29 January 2010, which has been prepared for the purposes of this report, together with a list of creditors.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures.

#### 4.4 Secured Creditors

##### The Royal Bank of Scotland ("RBS")

RBS has the benefit of a debenture incorporating fixed and floating charges dated 8 November 2007. At the date of the Administration, RBS was owed approximately £688k.

##### Royal Bank of Scotland Invoice Finance Limited ("RBSIF")

Royal Bank of Scotland Invoice Finance Limited ("RBSIF") has the benefit of a debenture incorporating fixed and floating charges dated 7 December 2007. At the date of the Administration, RBSIF was owed approximately £194k which is secured against a book debt ledger of £295k. RBSIF's collections to date total £149k.

#### 4.5 Preferential Claims

With effect from 15 September 2003, preferential status has been abolished for debts owing to HM Revenue and Customs. Such debts now rank alongside other unsecured creditors' claims. The only claims which remain preferential are those of employees in respect of wages (up to £800 per employee) and holiday pay (unlimited). The majority of employees were transferred to the Purchaser of the business in this instance, thus mitigating the level of preferential claims anticipated.

#### 4.6 Prescribed Part

At the date of the Administration the Company had the following post-Enterprise Act Floating Charges registered against it:

Person(s) entitled	Date of floating charge
Royal Bank of Scotland Plc	8 November 2007
RBS Invoice Finance Limited	7 December 2007

Section 176A of the Insolvency Act 1986 provides that, where the Company has created a floating charge after 15 September 2003, the Joint Administrators 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

In this instance, the prescribed part will apply as it is anticipated that RBS will not be discharged in full from fixed charge realisations

#### 4.7 Unsecured Non Preferential Claims

All unsecured 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 creditors in this instance other than by virtue of the prescribed part.

#### 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 JOINT ADMINISTRATORS' APPOINTMENT

#### 5.1 Sale of Business

Prior to appointment, the Joint Administrators investigated the possibility of concluding a sale of the business and assets as it was considered that a sale of all or part of the business as a going concern would provide for the following:

- Enhanced asset values,
- The potential of customer continuity and resultant improved debtor collections,
- Minimise preferential creditor claims.

Interest was received from two unconnected parties however, after due diligence, one party withdrew their offer leaving one remaining credible party. Their offer comprised £100,000 plus an additional amount calculated as a percentage of turnover resulting from the fulfilment of one key contract. Following advice from our appointed agents, Messrs Sanderson Weatherall, who had carried out valuations of the Company's physical assets and goodwill, this offer was accepted and the business sale was concluded on 29 January 2010.

The decision was made not to trade the Company in Administration, because the costs of trading the site and realising the assets would have been prohibitive, with a significant adverse impact on the position of creditors. Also if the Joint Administrators had traded they would not have been in a position to guarantee any work undertaken which may have resulted in the non payment of amounts due.

In any case, trading the Company would not have guaranteed an improved offer for the assets and may have conversely devalued the goodwill. In addition, the realisable value of the book debts may have been reduced if any of the current management team and staff left the Company.

The Purchaser of the business and assets of the Company was Exington Limited ("the Purchaser"), a company not controlled by the existing management. The Purchaser is considered to be an associated party as the Company directors hold a combined minority shareholding. Our legal advisors in this matter were Hammonds Solicitors LLP. The Purchaser's legal advisors were Page & Co.



The assets sold to the Purchaser (to the extent that the Company had a right, title or interest to sell) comprised the following

Asset	(£)
The Equipment	12,500
The Stock (including such right, title or interest as the Seller may have in the ROT Stock)	12,500
The Intellectual Property	1
The Work in Progress	1
The Goodwill	74,995
The Name	1
All shareholdings, investments or other securities of the Seller in the Seller's Group	1
Seller's Records	1
<b>TOTAL</b>	<b>100,000</b>

An additional amount is due in relation to the goodwill, to be calculated as follows

In addition to the above, the Purchaser shall pay by way of additional consideration for goodwill up to £550,000 by way of quarterly instalments for a period of 3 years from the date of sale based on a percentage of cumulative sales in respect of one key contract calculated as detailed below

- 1 7% of all cumulative sales of between £2,000,000 and £10,000,000, and
- 3 4% of all cumulative sales of between £10,000,001 and £23,000,000

The additional consideration is secured by way of a debenture over the Purchaser's assets

## 5 2 Factored Book Debts

The Company's book debt ledger is subject to a fixed charge in favour of RBSIF. At the date of appointment, RBSIF was owed approximately £194k against a book debt ledger of £295k. RBSIF has advised that collections to date amount to £149k.

## 5 3 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
Hammonds Solicitors LLP	Legal advice	Time costs
Sanderson Weatherall	Goodwill Valuation	Time costs
Sanderson Weatherall	Asset Valuation	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 not capable of being achieved as it is not anticipated there will be a return to unsecured creditors in this instance other than by virtue of the prescribed part

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 debtors and goodwill will result in repayments to RBSIF and RBS respectively, thus achieving the third purpose

6 5 The Administration has been, and will continue to be, financed by monies received from asset realisations

## 7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

7 1 The Joint Administrators Proposals are attached at Appendix A

7 2 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 7 April 2010 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 A Poxon 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 Joint 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

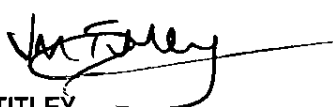
**8 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**

- 8 1 I enclose a summary of my time costs to date at Appendix D and a Creditors Guide to Administrators' Fees at Appendix E, which includes a summary of my firm's charge out rates. In addition to the time detailed at Appendix E, £3,390.00 of time costs were incurred in the period prior to our appointment on 29 January 2010, 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.
- 8 2 In accordance with Rule 2.106 of the Insolvency Rules 1986, given that there is no anticipated return to unsecured creditors, approval of the Joint Administrators' fees and disbursements will be sought only from the secured creditor.
- 8 3 Enclosed at Appendix D is a summary of the Joint Administrators' time costs as at 28 February 2010. The summary shows that time costs of £8,443 have been incurred which represents 42.3 hours at an average rate of £199.60 per hour. Attached at Appendix E is "A Creditors' Guide to Administrators' Fees".
- 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. These are known as Category 2 costs and the basis of their calculation is detailed in Appendix E. Other disbursements known as Category 1 costs comprise precise sums expended to third parties and no prior authorisation is required.

**9 ANTICIPATED OUTCOME AND RELEASE OF JOINT ADMINISTRATORS FROM LIABILITY**

- 9 1 It is highly unlikely that there will be a return to the Company's unsecured creditors in this instance other than by virtue of the prescribed part distribution. Any return will be dependant on asset realisations and discharging of the professional costs associated with the Administration.
- 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 Creditors' Voluntary Liquidation to facilitate the distribution of the prescribed part fund.
- 9 3 On the registration of the notice with the Registrar of Companies, the Administration and the appointment of the Joint 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 Joint 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.

for and on behalf of  
**TRUMETER COMPANY LIMITED**

  
**J M TITLEY**  
Joint Administrator

Licensed in the UK by the 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 John Titley and/or Andrew Poxon 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 John Titley and/or Andrew Poxon be appointed (Joint) Liquidator(s) of the Company

## APPENDIX B

## ESTIMATED STATEMENT OF AFFAIRS AS AT 29 JANUARY 2010

	Notes	Book Value £'000	In Administration Best £'000	In Administration Worst £'000
<b>Assets</b>				
<b>Assets Specifically Pledged</b>				
Goodwill	1	Nil	625	75
Investments	2	335	Nil	Nil
Less RBS	3	(688)	(688)	(688)
Estimated Surplus/(Short Fall) c/d		<u>(353)</u>	<u>(63)</u>	<u>(613)</u>
Book Debts	4	295	234	234
Less RBSIF	5	(194)	(194)	(194)
Estimated Surplus/(Short Fall) carried down		<u>101</u>	<u>40</u>	<u>40</u>
<b>Assets Not Specifically Pledged</b>				
Surplus as Regards RBSIF b/d		101	40	40
Intercompany Debtors	6	290	Nil	Nil
Stock & Equipment	7	326	25	25
Plant	8	507	TBC	TBC
<b>Assets Available to Creditors</b>		<u>1,224</u>	<u>65</u>	<u>65</u>
<b>Liabilities</b>				
Preferential Creditors				
Employees (Wages & Holiday Pay)	9	Nil	(10)	(10)
Surplus as Regards Preferential Creditors		1,224	55	55
Less Prescribed Part	10	N/a	(14)	(14)
<b>Available to Floating Charge Creditor</b>		<u>1,224</u>	<u>41</u>	<u>41</u>
<b>Floating Charge Creditor</b>				
RBS		(353)	(63)	(613)
Surplus/(Deficiency) as regards RBS c/d		<u>871</u>	<u>(22)</u>	<u>(572)</u>
Add back Prescribed Part		N/a	14	14
<b>Assets available to Unsecured Creditors</b>		<u>871</u>	<u>14</u>	<u>14</u>
<b>Unsecured Creditors</b>				
Trade	11	(312)	(312)	(312)
Intercompany	6	(820)	(820)	(820)
Directors Loan Account	11	(67)	(67)	(67)
Crown	12	(171)	(171)	(171)
Surplus/(Deficiency) as regards Unsecured Creditors		<u>(499)</u>	<u>(1,356)</u>	<u>(1,356)</u>
Surplus/(Deficiency) as regards RBS b/d		Nil	(22)	(572)
		<u>(499)</u>	<u>(1,378)</u>	<u>(1,928)</u>

For the purposes of this estimated outcome statement the assets subject to finance have not been specifically included but any equitable interest has been incorporated into the floating charge asset valuation

## NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS

The book values are formulated from the latest management account information and discussions with the Secured Creditor, Director and from valuations obtained from independent valuation agents. It should be noted that no provision has been made for the costs and expenses of the Administration.

### **1 Goodwill**

Sanderson Weatherall completed an independent review of the Company and the market place in order to value the Goodwill of the company. Following their recommendation, an offer of £75,000 plus an additional amount to be calculated as set out at paragraph 5.1 was received and accepted in relation to Goodwill. The extra £550k is dependent upon the success of future trading and therefore is uncertain and consequently has been shown as a best and worst case outcome in the estimated statement of affairs.

### **2 Investments**

The Company's books and records detail investments held in subsidiaries valued at a value of £335k. Given that the two subsidiaries are insolvent on a balance sheet and liquidity basis, no realisations are anticipated in this regard.

### **3 Royal Bank of Scotland Plc ("RBS")**

RBS has the benefit of a debenture dated 8 November 2007 incorporating a fixed and floating charge over all the Company's assets.

According to the Company's up to date financial records, RBS was owed approximately £688k at the date of administration.

### **4 Book Debts**

The Company has a book debt ledger with a book value of £295k. The ledger is subject to ongoing collection by RBS Invoice Finance Ltd ("RBSIF") and their agents have advised that they anticipate the realisable value of the ledger equates to approximately £234k.

### **5 RBS Invoice Finance ("RBSIF")**

The book debt funding provided by RBSIF relies upon all sales invoices and title to those invoices being assigned. In addition, RBSIF has the benefit of a debenture dated 7 December 2007 incorporating fixed and floating charges over all Company assets.

At the date of the administration RBSIF was owed approximately £194k against a book debt ledger of £295k. To date collections total approximately £149k. Any surplus will be available to the Administrators once RBSIF have applied their final charges and reassigned the ledger to the Company.

### **6 Intercompany**

The Company has intercompany debtors with a book value of approximately £290k. This relates to intercompany loans due from subsidiaries based in USA and Malaysia. The two subsidiaries are also creditors of the company at a level of approximately £820k resulting in a net intercompany creditor of approximately £530k. Consequently there will be no recovery.

**7 Stock and Work in Progress**

The Company had stock and equipment with a book value of £326k however, on further investigation by the appointed agents, it transpired that the majority of the stock was obsolete and therefore the agents recommended that an offer of £25,000 for the stock and equipment be accepted as part of the consideration for the sale of business

**8 Plant**

The book value of the plant has been extracted from the Company's latest available management information. Much of the book value relates to a highly specialised piece of plant known as a Mikron Machine. This was excluded from the sale of business and independent agents, Sanderson Weatherall are currently marketing it for sale. Any sale proceeds will be reported to creditors in due course, although due to its specialist nature, likely sale proceeds are uncertain at this time.

**9 Preferential Creditors**

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. The majority of employees were transferred to the Purchaser of the business in accordance with the TUPE Regulations in this instance mitigating the level of preferential claims anticipated in this instance.

**10 Prescribed Part**

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.

A breakdown of the prescribed part calculation applied in this instance is below:

	£'000
<b>Estimate of Prescribed Part</b>	
Net Property	55
50% of first £10,000	5
20% of balance	9
Prescribed Part (est)	14

It should be noted that no provision has been made for the costs and expenses of the Administration in arriving at the estimate of net property above.

**11 Trade and Expense Creditors**

The creditor balances have been extracted from the Company records and should not be regarded as agreed amounts.

**12 Crown creditors**

The amounts due to HM Revenue and Customs in respect of PAYE / NI and VAT have been taken from correspondence within the Company's books and records, and subsequent correspondence received by this office.

Per  
Statement

NAME	ADDRESS					£
FIRST CHOICE PACKAGING		LICHFIELD ROAD INDUS ESTATE	TAMWORTH	STAFFORDSHIRE	B79 7UW	339 18
ASCOTT ANALYTICAL EQUIP STEPHEN ADAMSON	UNIT 6 GERARD,  PO BOX 352	Manchester	M16 9XY			224 94
ADT FIRE & SECURITY PLC JEFF K ALLEN	SANDALL ROAD TRAFFORD PARK	WISBECH Manchester	CAMBRIDGESHIRE M17 1EZ			84 60
ARVAL PHH	PHH Centre	Windmill Hill	Swindon	Wilshire	SN5 6PE	67 23
AVANCO HARDWARE LTD	UNIT 2, Old Wheelodon Road	Fenton	Stoke on Trent	Staffs	ST4 4HV	-4354 90
BDO STOY HAYWARD LLP	Commercial Buildings	11-15 Cross Street	Manchester	M2 1WE	M2 1WE	4084 12
BILLION UK LTD	2 FITZHAMON COURT	FEATHERSTONE ROAD	MILL	MILTON KEYNES	MK12 6LB	91 98
B P ELECTRICAL	634 HOLCOMBE ROAD	HELMSHORE	ROSENDALE	BB4 4AN		0 00
BRITISH ENCODER PRODUCTS	WHITEGATE INDUSTRIAL ESTATE	WREXHAM	LL13 8UG			36000 42
BRIDGE INSURANCE BROKE	COBAC HOUSE	14-16 CHARLOTTE STREET	MANCHESTER	M1 4FL		575 00
BURY COLLEGE	FINANCE DEPT	MARKET STREET	BURY	LANCS	BL9 0BG	931 56
CELSIUS AIR CONDITIONING	1 WELL STREET,	HEYWOOD,	OL10 1NT			402 50
AMANDA CLEGG						274 71
CLOUGH & WILLIS	MARKET CHAMBERS	RADCLIFFE,				4642 44
CMS GROUP	WATERSIDE HOUSE	TRIDENT PARK, TRIDENT WAY	BLACKBURN	BB1 3NU		340 00
COMBINED PRECISION COMPNT	COMPONENT HOUSE	FARADAY DRIVE	FULWOOD	PRESTON	PR2 9PP	281 75
CONNAUGHT GASFORCE LTD	3 MOUNTLEIGH CLOSE	EUROWAY TRADING EST	BRADFORD	BD4 6SP		0 00
COOPERS		70 BURY OLD ROAD	WHITEFIELD	MANCHESTER	M45 6TL	780 25
LES COOK						2654 54
GIL COPITCH						45 13
COUNTERSALES UK LTD	TOWN END WORKS	MIDDLETON ROAD	MORLEY	LEEDS	LS27 8AP	389 22
						72 45
						0 00
						0 00
						367 15



PETER CRANK							-32 00
DANIEL WEIDENBAUM							2966 52
DHL INTERN'L (UK) LTD 1309	P O BOX 192	FELTHAM				MIDDLESEX	1875 77
DHL GLOBAL FORWARDING	MAGNA HOUSE	18-32 LONDON ROAD				TW14 0YB	42822 57
DHL INTERN'L (UK) LTD 9685	P O BOX 192	FELTHAM				MIDDLESEX	17272 59
DOCUMENT EXPRESS LIMITED	UNIT3 MOUNT PLEASANT BUS CNTR	JACKSON STREET				OL4 1HU	420 94
EAS TECHNOLOGY LTD	WINDLEY WORKS	WOLSEY STREET				LANCASHIRE	349 97
EDF ENERGY 1 LIMITED	PAYMENT PROCESSING CENTRE	P O BOX 3956				LANCASHIRE	1066 40
EEF LIMITED	MOUNT PLEASANT	GLAZEBROOK LANE				PL3 5 XQ	2175 43
ELCADANT LIMITED	LEA MILLS	LEA ROAD				WARRINGTON	1811 33
E-ON ENERGY LTD	NEWLAND HOUSE	49 MOUNT STREET				BATLEY	2270 39
EXEL EUROPE LIMITED	SOLSTICE HOUSE	251 MIDSUMMER BOULEVARD				NG1 6PG	939 50
EXPERIAN LTD	Accounts Receivable	Talbot House				MK9 1EQ	0 81
FARNELL IN ONE	CANAL ROAD	LEEDS				Nottingham	2506 88
FOUNDROMETERS INSTRUMENT	UNIT 17 ENTERPRISE COURT	PIT LANE				LS12 2TU	26 07
GAEI LTD						MICKLEFIELD	460 00
GB OFFICE GROUP	RANGER HOUSE,	ETRURIA ROAD,				HANLEY,	386 29
GENESIS FIRE AND SAFETY	Post Returned					STOKE-on TRENT	592 25
GREENHAM TRADING	CHADDOCK LANE	ASTLEY 11 STAPLE INN BUILDINGS				M29 7JT	3612 92
GS1 UK	STAPLE COURT	ANTURA UNIT C2				LONDON	203 55
GTK (UK)LTD		QUEENSWAY				WC1V 7QH	288 65
HI 5 ELECTRONICS LTD	SHERWOOD INDUSTRIAL PARK	ROCHDALE				BOND CLOSE	276 00
HILLS PACKAGING LTD	LINCOLN STREET BUSINESS PARK	BLTHYE VALLEY PARK				OL11 2NU	71 88
INFOR GLOBAL SOLUTIONS	THE PHOENIX BUILDING	RAMSBOTTOM				SOLI HULL	19424 60
I S M CO LIMITED	KENYON STREET WORKS	1B KNOLL RISE				BLO OAB	275 43
JLT BENEFIT SOLUTIONS LTD	CENTRAL COURT	MOTTRAM IN				KENT	3450 00
TONY KERSHAW, INFORMATION	14 BROADBOTTOM ROAD	LONGDENDALE				SK14 6JB	402 50
PETER LAWSON							0 00
LLOYD'S REGISTER QUALITY		MIDDLEMARCH OFFICE VILLAGE					625 00
MIKE LYNCH	HIRAMFORD					SISKIN DRIVE	CV3 4FU
MIKE LYNCH							84 60
MIKE LYNCH							-154 10
MIKE LYNCH							-19 96

# Trumeter Company Limited – In Administration

JOHN MACVICAR	Chamberlink Ltd Via Business Support Solutions	Warren Bruce Court	Warren Bruce Road	Trafford Park, Manchester	-6330 49
MAN CHAMBER OF COMMERCE	ALPHA POINT	BRADNOR ROAD	SHARSTON	M17 1 LB	368 00
MANCHESTER VENDING SERVIC	JACKSONS ROW	MANCHESTER GROVE PARK, ENDERBY	M2 5NH	M22 4TE	518 16
MAN REFORM SYNAGOGUE	MW HOUSE, 1 PENMAN WAY	LONDON	LEICESTER		201 84
MATTIOLI WOODS	62 BAYSWATER ROAD	ROMFORD, ESSEX	W2 3PS	LE19 1SY	-27447 38
MFG TECHNOLOGIES ASSOC	SOUTH STREET	RADCLIFFE	RM1 2AR		881 25
NEOPOST LIMITED	18 EAST STREET	EAST LANCASHIRE ROAD	LANCASHIRE	M26 2PW	97 75
GORDON NORRIS	GRAVEOAK		LEIGH, LANCs	WN7 3SE	-22612 44
PESTOKILL					100 80
PETER WEIDENBAUM	UNIT 3, MT PLEASANT BUSINESS CENTRE	JACKSON STREET	OLDHAM, LANCs		6292 70
PHJ LIMITED	WESTERN IND ESTATE	CAERPHILLY	CF83 1XH	OL4 1HU	860 34
PHS GROUP PLC	49 DORSET ROAD	LEVENSHULME	MANCHESTER	M19 3NB	552 00
POGDESIGN	721 Walmersley Road	Bury	Lancs	BL9 5JN	1000 00
PRESTIGE CHAUFFEURS LTD	2nd FLOOR	41-44 GREAT WINDMILL STREET	LONDON	W1D 7ND	163 30
PATHWAY RESOURCING LTD	FLEET CUSTOMER SERVICES	TRAFFORD HOUSE GREEN LANE INDUSTRIAL ESTATE	CHESTER ROAD, STRETFORD	M32 OHH	11243 15
RAC MOTORING SERVICES	P O BOX 12, KENNEDY WAY		STOCKPORT		238 60
RS COMPONENTS LTD				SK4 2JT	68 17
DAVID SADLER( DO NOT USE)					2462 90
SAGE (UK) LIMITED		NEWCASTLE UPON TYNE	NE13 9AA	CHESHIRE	77 00
SAGE PAY	NORTH PARK	100 GRAY'S INN ROAD	LONDON	WC1X 8AL	0 00
E SIDDALL LTD	HOLBURN HALL	BRIGHTMET	BOLTON, LANCs	BL2 6TG	326 00
SPEEDOGRAPH RICHFIELD LTD	27 WILLAND DRIVE	ARNOLD	NOTTINGHAM	NG5 7JR	108 83
STAR	ROLLESTON DRIVE	BRIGHOUSE COURT	BARNETT WAY	GL4 3RT	1693 16
STEVEN BOOKBINDER	ACCOUNTS PAYABLE				164 60
SUPPLIES TEAM LTD	66-70 VICAR LANE	LITTLE GERMANY	BRADFORD	BD1 5AG	166 03
SWINNERTON ENVIRONMENTAL	YORK STREET	BURY	BL9 74A		48 30
SWIFT CIRCUITS LTD	UNITS 32,33,37 & 38	100 TROSTRE ROAD	LLANELLI	SA15 2EA	590 30
TALK TALK - JEFF ALLEN					174 58
TARGET EXPRESS PARCELS	TARGET EXPRESS HOUSE	WOODLANDS PARK Long Reach, Galleon Boulevard CHEADLE HULME CHEADLE	ASHTON ROAD Crossways Business Park STOCKPORT	NEWTON LE WILLOWS Dartford, Kent CHESHIRE	1922 86
TOOLBANK MARKETING SERVCs	c/o Curtis Holt Limited			WA12 OHF	3622 86
TRAVEL MASTERS RES CENTRE	18 MADISON AVENUE			DA2 6QE	16539 48
				SK8 5DF	

T S A	HAWKS NEST WOOD	ASH LANE GARFORTH	LEEDS	W YORKSHIRE	LS25 2HH	1380 70
TRINITY PRESS	24 SIMPSON GROVE	BOOTHSTOWN	WORSLEY	M28 1LY		1485 25
UNDERWRITERS LABORATORIES	P O BOX 5262	6802 EG ARNHEM	Netherlands			758 10
UNITED UTILITIES WATER PL	P O BOX 50	WARRINGTON	WA55 1AQ			477 54
UNUM LIMITED	Milton Court	DORKING	SURREY	RH4 3LZ		-458 92
U P S LIMITED	AR DEPT	ST DAVID'S WAY	BERMUDA PARK	NUNEATON	CV10 7SD	1772 49
UPS SCS (uk) LTD	BLACKTHORNE ROAD	POYLE	BERKSHIRE	SL3 ODA		207 06
VODAPHONE BUSINESS	BRUNEL PARK	BRUNEL DRIVE	NEWARK	NOTTINGHAMSHIRE	NG24 2EG	12 77
WATER STREET MOTORS	RECTORY LANE	RADCLIFFE	MANCHESTER	M26 2QU		962 38
ROSS WILD						80 00
WINTWIRE LTD	UNIT 3, OXSPRING WIREMILLS	OXSPRING	SHEFFIELD	S36 8YW		8351 55
XEROX FINANCE	P O BOX 4017	WORTHING	WEST SUSSEX	BN13 1QG		2995 75
ABP ELECTRONICS LIMITED	ROOM 311 10th BUILDING	ZHONGXING INDUSTRIAL ZONE,	SHEZEN	CHINA		0 00
COPI-MATE	P O BOX 56	MILLTOWN 8850	NEW JERSEY	USA		355 54
CONVERGE	CONVERGE NETHERLANDS BV	COENGEBOUW 7th FLOOR	KABELWEG 37	AMSTERDAM 1014 BA	NETHERLANDS	15999 44
EATON CORPORATION	175 VISTA BOULEVARD	ARDEN HUJUNG	NC 28704 KAWASAN	NORTH CAROLINA	USA	-9788 64
OOI TOOLS SDN BHD		PERUSAHAAN LAPAN 2,	PERUSAHAAN MIEL PHASE	13600 PERAI, PENANG		24745 42
PARADE MANUFACTURING SDN	NO 14 & 16	PRAI INDUSTRIAL ESTATE,	13600 PRAI	PENANG	MALAYSIA	-1060 25
RENATA SA	LORONG PERUSAHAAN 8A, CH-4452	ITINGEN	Switzerland		MALAYSIA	5000 00
SOUTH AFRICAN MICRO-ELEC	PO BOX 15888,	LYNN EAST 0039 KAWASAAN	33 ELAND STREET	KOEDOEPOORT IND AREA	PRETORIA, SOUTH AFRICA	1061 72
TRUMETER Sdn Bhd (630626)	2835 LORONG PERUSAHAAN LAPAN B	PERUSAHAAN PERAI	PERAI	PNG 13600	MALAYSIA	548113 17
FLEXTRONICS INT KFT						
KAYSER GmbH & CO	SPRINGERSTRASSE 40	D-58762 ALTENA-EVINGSEN	GERMANY			242 00
FRITZ KUBLER ZAHLERFABRIK	SCHUBERTSTR 47	P O BOX 3440	D-78023 VS-SCHWENNINGEN	GERMANY		175 00
LABORATOIRE NAT D' ESSAI	1 RUE GASTON BOISSIER	75724 PARIS	CEDEX 15	FRANCE		20166 19
NORR STIEFENHOFER LUTZ	Rechtsanwalt	Friedrichstrasse 2-6 D-71144	Frankfurt am Main	D-60323	Germany	3984 88
KLAUS D SEIDEL	GEWERBESTRASSE 8	STEINENBRONN	Germany			40270 33
Trumeter (M) S/ B(630626)	LOT 2835, LORONG PERUSAHAAN	PERAI 8 B,	KAWASAN PERUSAHAAN PERAI,	13600 PERAI	PNG, MALAYSIA	69222 25
TOTAL						541519 99
						1426871 41

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS  
FROM 29 JANUARY 2010 TO 24 MARCH 2010

	Statement of Affairs £	Received by Administrator £	Received by RBSIF £
<b>RECEIPTS</b>			
Sale of Business	100,000 00	100,000 00	-
Sundry Receipts	-	309 75	
Book Debts	234,000 00	-	149,000 00
	<u>334,000 00</u>	<u>100, 309 75</u>	<u>149,000 00</u>
<b>PAYMENTS</b>			
RBS		75,000 00	-
RBSIF		-	149,000 00
Sundry Expenses		75 00	-
Legal Fees		11,104 55	-
		<u>86,179 55</u>	<u>149,000 00</u>
<b>BALANCE AT BANK</b>		<u>14,130.20</u>	<u>-</u>

## APPENDIX D

## SUMMARY OF JOINT ADMINISTRATORS TIME COSTS FROM 29 JANUARY 2010 TO 28 FEBRUARY 2010

	Senior Manager			Manager 1			Manager 2			Administrator 1			Administrator 2			Total		Average Hourly Rate £
	Units	Cost	£	Units	Cost	£	Units	Cost	£	Units	Cost	£	Units	Cost	£	Units	Cost	
Statutory & Review	-	-		5	150.00		-	-		20	420.00		30	510.00		55	1,080.00	196.36
Assets	40	1,400.00		-	-		-	-		-	-		-	-		40	1,400.00	350.00
Liabilities	-	-		-	-		23	598.00		-	-		125	2,125.00		148	2,723.00	183.99
Debenture Holder	-	-		-	-		-	-		-	-		10	170.00		10	170.00	170.00
General Administration	-	-		-	-		-	-		-	-		100	1,700.00		100	1,700.00	170.00
Appointment	-	-		-	-		-	-		-	-		50	850.00		50	850.00	170.00
Planning & Strategy	-	-		-	-		20	520.00		-	-		-	-		20	520.00	260.00

Total	40	1,400.00	5	150.00	43	1,118.00	20	420.00	315	5,355.00	423	8,443.00
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Average Hourly Rate (£)

199.60

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
- Investigations
- Realisation of assets
- Trading

- Creditors
- Any other case-specific matters

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

- Director
- 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 director 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 2010 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

	£
Partner	£395
Senior Manager	£350
Manager 1	£300
Manager 2	£260
Administrator 1	£210
Administrator 2	£190
Administrator 3	£170
Administrator 4	£120
Support	£0

Details of any subcontractor(s) used will be reported to creditors

##### **Professional Advisors**

Details of any professional advisor(s) used will be given in reports to creditors. 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". 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
Storage of office files (6 years)	£66.09 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: 29 January 2010

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. \_\_\_\_\_