

**2.17B**

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company
Thermal Engineering International Limited

Company number
00929417

In the High Court of Justice, Chancery Division Leeds District Registry, (full name of court)
---

Court case number
703 of 2005

(a) Insert full name(s) and address(es) of administrator(s)

We (a)  
Ian Brown  
Deloitte & Touche LLP  
1 City Square  
Leeds  
West Yorkshire  
LS1 2AL

Trevor Nigel Birch

Adrian Peter Berry


\*Delete as applicable

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

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

(b) 19 August 2005

Signed

  
Joint / Administrator(s)

Dated

19-7-2005

**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.

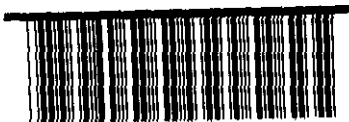
The contact information that you give will be visible to researchers of the public record

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Deloitte & Touche LLP  
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DX Number

0113 243 9021

DX Exchange



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COMPANIES HOUSE

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When 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

Direct line: 0113 292 1505

Direct fax: 0113 244 8942

17 August 2005

Our Ref: RS/WKD/DE

Dear Sir/Madam

**THERMAL ENGINEERING INTERNATIONAL LIMITED ("the Companies")  
(IN ADMINISTRATION)**

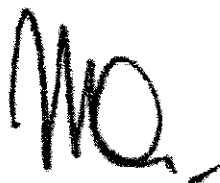
Further to previous correspondence in respect of the above I now enclose the following:

- **Statement of Administrators' Proposals** which also includes the additional information, prescribed by the Insolvency Rules, to enable creditors to fully consider their vote. The proposals also seek approval of the Administrators' fees and expenses.
- **Notice of a meeting of creditors (Form 2.20B)** at which the Administrators will present their proposals and creditors present or represented shall consider them and may approve them without modification or with modification if the Administrators consent. The creditors' meeting may also establish a creditors' committee. All creditors are invited to attend the meeting. However, I would confirm that you are not legally required to attend, or be represented, and non attendance will not prejudice your claim.
- **Proof of Debt Form** which must be completed and returned not later than 12 noon on 5 September 2005 to the above address to enable you to vote at the meeting.
- **Proxy Form** to be completed only if you do not wish to attend the meeting in person. Proxy forms must be returned to the above address by 12 noon on 5 September 2005 to enable your vote to be included.

The result of the creditors meeting will be sent to you as soon after the meeting as is reasonably practicable. Should you require any further information please contact Lorraine Ripley on 0113 292 1503.

Yours faithfully

For and on behalf of Thermal Engineering International Limited



**I Brown**  
**Joint Administrator**

**THERMAL ENGINEERING INTERNATIONAL LIMITED**

**Case No. 703 of 2005**

**(IN ADMINISTRATION) ("the Company")**

**ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO  
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

**17 AUGUST 2005**

**This report has been prepared for the sole purpose of updating creditors pursuant to the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.**

**The Administrators' act as agents of the Company and without personal liability.**

**I Brown, T N Birch and A P Berry  
Deloitte & Touche LLP  
1 City Square  
Leeds  
LS1 2AL**

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## ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"Act"	Insolvency Act 1986 (as amended)
"the Administrators"	I Brown, T N Birch & A P Berry
"Thermal"	Thermal Engineering International Limited
"Overseas"	TEI Overseas Limited
"SES"	TEI Limited
"Eddisons"	Eddisons
"Hammonds"	Hammonds Solicitors
"Director"	Jonathan Triessman
"Meade"	The Meade Corporation
"Deloitte"	Deloitte & Touche LLP
"PWC"	Price Waterhouse Coopers LLP
"BDT"	BDT Engineering Limited

## **1. BACKGROUND**

### **1.1 Introduction**

This report is prepared pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986. The purpose of the report is to provide creditors with details of the Administrators' proposals to achieve the purposes of the Administration Order. Much of the background information has been provided from various sources within the Company and has not been verified by the Administrators.

To assist the creditors and to enable them to decide on whether or not to vote for the adoption of the proposals the following information is also included in this report:

- Background of the business
- The circumstances giving rise to the Administration Order
- The manner in which the business has been and is intended to be managed
- The Directors' Statements of Affairs
- Details of the Administrators' costs
- Other information to assist the creditors

### **1.2 Brief History of Company**

Thermal under various names has been in existence for over 150 years providing services to the energy, manufacturing and construction industries. Recently the Company has primarily been manufacturing components for the recovery of waste heat from boilers in the power generation and refining chemical process industries.

The Company also had significant experience in the cost effective design of economisers, gas coolers and heat exchangers to meet a wide range of fuel options and applications.

The business was split into two divisions:

- Economisers known as "Greens," including Marine and Overseas joint ventures
- Mechanical Services

The Company originally operated from a freehold property, which was owned by its parent company BDT, situated in Calder Vale Road, Wakefield.

In more recent times, Thermal has had various owners and following the insolvency of its ultimate parent Babcock Borsig GMBH, it was acquired by Meade together with its parent company BDT in early 2004.

Prior to the acquisition the Company had been incurring losses and it continued to do so under Meade's stewardship. Meade disposed of several parts of the business and its assets during 2004, including the following:-

- Sale and lease back to Thermal of the freehold land and buildings owned by BDT (£5.5million) (April),
- Sale of the Company's interest in the Chinese economiser and marine joint ventures to a newco called TEI Overseas Limited (£992,000), (December) and
- Sale of the Mechanical Services division to SES Holdings Limited, who changed its name to TEI Limited (£1) (October).

The proceeds for the sale of the property in BDT were not made available to Thermal. Payment for the Overseas business was by part of the consideration being paid on completion, (£250,000) and the balance deferred and payable over a period of 3 years. The Mechanical Services division was sold for £1.

As part of our review into the failure of the Company, we are looking closely at these transactions to ensure that a transaction at undervalue or preference did not occur.

Overseas and SES continue to operate from the same property as the Company. Overseas is a sub-tenant to the Company and SES has a separate tenancy agreement with the new landlord.

The disposals improved the company's cash position but caused a deterioration in the trading performance of the business. Meade held discussions with Jonathan Triessman, an entrepreneur and following negotiations on 31 March 2005, he acquired the shares of the Company for £1. It is unclear whether any due diligence work was performed by Mr Triessman.

Prior to completion of the transaction the Company repaid its bank facilities and subsequently no further lending from the Company's bankers was negotiated. In addition no working capital was introduced by Mr Triessman.

Statutory information about the Company, including details of the Director and Company Secretary, is provided at Appendix 1.

The Company has a blue chip customer base with customers throughout the world and was employing 54 staff at the date of appointment who were involved in the completion of 6 contracts.

## Overview of Financial Information

A summary of the Company's trading profit and loss account for the period from 1 October 2001 to 30 April 2004 is shown below. Please note that this information has been provided by management alone and has not been checked or verified by the Administrators or Deloitte & Touche LLP. Furthermore, the comments reflect management explanations of the items included in the profit and loss account.

### Summary Profit and Loss Accounts for the 2 years and 7 months ended 30 April 2004

	12 months 30/09/02 £M	12 months 30/09/03 £M	7 months 30/04/04 £M
Sales	34.2	36.0	10.3
Gross Profit	2.9	2.1	1.0
Operating (Loss)	(1.1)	(0.7)	(1.2)
Exceptional Items	0.1	1.1	0.4
Net (Loss) / Profit for period before interest and tax	(1.0)	0.4	(0.8)

*Source: Management Information*

Following the acquisition, Meade changed the Company's financial year end to 30 April in 2004. Management accounts for the 12 months to 30 April 2005 show the following results:

Management accounts for the 12 months ended 30 April 2005	£M
Turnover	16.2 (13.7)
Gross Profit	2.5
Overheads	(3.4)
Exceptional items	0.1
Finance charges	(0.2)
Operating Loss for period	(1.0)
Liabilities written off in period	0.9
Trading Loss for period	(0.1)

*Source: Management Information*

Following the sale of the two divisions and the shares, certain liabilities were written off, which reduced the estimated trading loss of £1m by £859,000 to £141,000.



## **2. THE CIRCUMSTANCES GIVING RISE TO THE APPLICATION FOR THE ADMINISTRATION ORDER**

### **2.1 Events prior to the Administration**

Following the purchase of shares by Mr Triessman, no further capital was invested or loans made to the Company. In addition no new banking facilities were provided, which resulted in the Company only being allowed to operate its bank account on a credit basis only.

Mr Triessman allowed the local management, comprising, the financial controller and contracts manager to run the day to day affairs of the Company and report to him on a weekly basis.

Local management advised Mr Triessman at the time of the investment that the Company was under creditor pressure and needed approximately £1m of additional funding in the short term to ease this pressure. No funding was arranged and the additional working capital from the losses being incurred was managed by delaying payments to creditors.

We understand that creditor pressure increased and many creditors commenced legal action by way of county court judgements in order to secure payment. In addition the Company's landlord, HM Customs and Excise and the Inland Revenue all levied distraint on the Company's assets for non payment of rent, VAT and PAYE respectively at various times. On 13 May 2005, a creditor also issued a winding up petition against the Company which was due to be heard on 4 July 2005.

Deloitte became involved with the Company on 25 May 2005 following an introduction from PWC to discuss the financial position of the Company with the local management who were concerned about the financial affairs of the Company. PWC had already advised Mr Triessman that the Company was insolvent and that he should speak to an insolvency practitioner as they were professionally conflicted from taking an Insolvency Appointment due to a prior material professional engagement with the Company. From the information presented to us by local management we reached the same conclusion as PWC and we recommended that local management spoke to the Sole Director Mr Triessman to repeat that he should start proceedings to place the Company into Administration.

45 creditors who together were owed in excess of £1.1m had commenced proceedings against the Company. We were also advised that there was a significant deficit on the Company's final salary pension scheme (circa £2m) and arrears of contributions. We have recently been informed that this deficit may be in the region of £11m. The Company was on stop with a

number of suppliers and customers were becoming concerned about whether their contracts would be completed.

The local management wrote to Mr Triessman on 31 May 2005 detailing the position of the Company, and their concerns about continued trading. They requested that he took action to protect the position of the company. They never received a response from Mr Triessman.

Together with Hammonds we met with Mr Triessman on 15 June 2005 and reiterated our concerns, which we gave to the local management and what PWC had already told him; that the company was insolvent and that he should take steps to place the company into Administration immediately to protect the position of the creditors.

Mr Triessman would not acknowledge that the Company was insolvent and advised us that he had reached an agreement in principal with an investor who would provide sufficient funds to clear the immediate cashflow problems and allow him time to prepare a detailed business plan for the future of the Company. Hammonds spoke with the investor who informed them that he had not agreed to provide funding at this time but would consider proposals put forward by Mr Triessman as and when they were available. He also added that he would require his financial advisors to undertake due diligence work on any proposal before making a decision.

Hammonds who are also a creditor of the Company took the unusual step of issuing an application to Court in their capacity as a creditor for an Administration Order in respect of the Company. They took their decision because Mr Triessman was not prepared to follow the advice of his own advisors and ourselves, to take steps to protect the Company in advance of the hearing date for the winding up petition and in the absence of a turnaround plan and a viable strategy for the business

Under normal circumstances it is the Directors of an insolvent Company who take steps to place the Company into Administration.

## **2.2 Details of the Appointment of Administrators**

The application for an Administration Order was heard and effected by Mr Justice Langan on the morning of 1 July 2005. I Brown, T N Birch and A P Berry were appointed Joint Administrators.

For the purposes of paragraph 100 of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them, jointly or severally.

### 2.3 Purpose of the Administration

From 15 September 2003, the Enterprise Act 2002 replaced the previous four purposes of Administration with one overarching purpose, split into a 3 part single purpose:

- Firstly, to rescue a company as a going concern (in other words a restructuring which keeps the entity intact).
- Secondly, if the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrator must perform his functions with the objective of achieving a better result for creditors than would be obtained through an immediate liquidation of the company. This would normally be by a sale of the business and assets as a going concern.
- Thirdly, if neither of the first 2 parts of the purpose are reasonably practicable, the Administrator must perform his functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors.

The Company whilst having no secured creditors has substantial unsecured creditor liabilities and therefore a restructuring of these creditors would have been required to meet the first objective. It was apparent that there was insufficient time to effect a restructuring of the Company's considerable debt due primarily to the forecasts not suggesting the Company would return to profit and also due to lack of funding and the possible resistance from some creditors who initially had opposed the Administration Order and specifically requested that Judge Langan should place the Company into Compulsory Liquidation. Thus the Administrators concluded that the first objective was not possible to achieve.

Therefore, the purpose of the Administration Order is to achieve a better result for creditors than would be obtained through an immediate liquidation of the Company. To achieve this, the business and assets have been actively marketed and attempts have been made to achieve a sale as a going concern. At the time of this report, despite initial interest it is unlikely that this will occur and therefore the purpose of the Administration is to be achieved by an orderly wind down of the Company's activities and realisation of its assets. A more detailed analysis of the Administrators' strategy is included in Section 3.

3. **THE MANNER IN WHICH THE AFFAIRS OF THE BUSINESS HAVE BEEN  
MANAGED AND WILL CONTINUE TO BE MANAGED IF THE  
ADMINISTRATORS' PROPOSALS ARE APPROVED**

3.1 **Introduction**

**Actions taken on Appointment**

Immediately on our appointment on 1 July 2005 we took control of the Company's assets held at Calder Vale Road, Wakefield and Deloitte staff advised employees of the Administrators' appointment and began the task of securing, assessing and stabilising the business.

*Trading*

Following an assessment of the work in progress, we held meetings and discussions with customers, key suppliers and the Landlord, and the Administrators concluded that they could allow the businesses to continue to trade in order that work in progress could be completed and also to see if a sale of the business and assets on a going concern basis could be achieved.

The Administrators were of the opinion that the value of the business and assets of the Company would be enhanced if they allowed the Company to continue in the short term whilst seeking a buyer for the business as a going concern.

In addition by trading in the short term the Administrators anticipated being able to improve the recovery of trade debts, which may have otherwise been disputed and are realising value for work in progress which would have negligible value otherwise.

Trading is expected to continue until mid September 2005 and summarised below is the forecast trading profit to be achieved as a result of completing work in progress.

<b>Administrators' forecast trading results for the period 1 July 2005 to 15 September 2005</b>		<b>£000's</b>
Sales		1,134
Direct Costs		(360)
Gross Profit		774
Overheads		(578)
Trading Profit		196

The above direct costs and overheads include ransom payments made to certain suppliers in order to ensure the work in progress could be completed. In the event that the business had ceased to trade on appointment we estimate that the realisable value of the work in progress would have been minimable.

#### *Sale of Business*

The business was advertised for sale in the Financial Times on 8 and 12 July 2005 and a sales brochure produced containing details of the Company and its business. The Administrators received 52 enquiries and showed 12 parties around the property.

Unfortunately no offers were received for the business however, we remain in discussions with interested parties and it may transpire that a deal can be structured. Notwithstanding this with nearly all the work in progress being completed, the Administrators have instructed Eddisons, their agents to commence marketing the Company's assets with a view to disposing of them on a piece meal basis. This will involve some of the plant and machinery being sold through private treaty and auction sales.

## 4. DIRECTORS' STATEMENTS OF AFFAIRS

### 4.1 Introduction

We have requested that Mr Triessman, the sole Director to provide the Administrators with a sworn Statement of the Company's Affairs as at 1 July 2005. At the date of this report this has not been received.

As the tangible assets of the business have yet to be sold, and their value is commercially sensitive, we are not including an estimated outcome statement with this report. Should the Directors' Statement of Affairs be received or the tangible assets of the Company be sold by the time of the creditors meeting, this information will be made available to all creditors. We can also confirm that a copy of the Statement of Affairs will be sent out to creditors shortly after it has been received from Mr Triessman.

Attached as Appendix 2 is an abstract of the Joint Administrators' receipts and payments account from 1 July 2005 to date detailing realisations, which primarily relate to cash in hand, trading receipts and book debt recoveries.

Based upon realisations to date and our agent's valuations of the Company's plant and machinery, we consider that there may be a small dividend payable to the unsecured creditors of the Company. Therefore we request that all creditors of the Company submit the attached claim form to the Administrators as soon as possible.

There are a number of different classes of creditors within the Company who are paid in priority. These include:

- Secured creditors: The Company does not have any secured creditors. However, the Landlord had levied distraint over the majority of the Company's plant and machinery in respect of outstanding rent for the period 25 March 2005 to 28 September 2005 estimated to be at £258,000. The Inland Revenue and HM Customs and Excise distraints mentioned earlier in the report have both lapsed following payment of the PAYE liability for which the distraint was taken and Mr Triessman reaching a payment plan with HM Customs and Excise and making a payment on account.
- Preferential creditors: These relate to employee liabilities for arrears of pay, holiday pay and certain pension contributions and are paid in priority to unsecured creditors out of net floating charge realisations.
- Unsecured creditors: These creditors rank behind secured and preferential creditors and receive any surplus available from net realisations after payment of the secured and preferential creditors.

## 4.2 Secured Creditors

### Landlord (Stirling Investments Limited)

- The Company was unable to pay its quarterly rent liability for the quarters ended 30 June 2005 and 28 September 2005. This led to the Landlord levying distraint over the Company's plant and machinery. Whilst a payment on account in respect of this liability was paid by the Company, at the date of the appointment the Landlord was still owed an estimated £258,000 in respect of the distraint. Hammonds have confirmed to the Administrators that the distraint is valid. This sum is being reduced by The Administrators whilst allowing the Company to remain in occupation at the property are paying monthly payments of rent to the Landlord.

### Preferential Creditors

- It is estimated that the Preferential creditors total £47,000, calculated as follows

Creditor	Claim	Value £000
Employees	Holiday Pay	28
Employees	Pension Deductions	19
		<hr/> 47 <hr/>

The above estimates are not yet agreed however, the Administrators anticipate being able to settle the liabilities in full.

### Unsecured Creditors

- Company records disclose the following estimated unsecured creditors:

Category of Creditor	£000
Trade and Expense creditors	2,528
Accruals	1,377
Inland Revenue	306
HM Customs and Excise	126
Contract Creditor	202
Potential Pension Fund Shortfall	11,000
	<hr/> 15,539 <hr/>

We would urge creditors to submit their claims against the Company to us as soon as possible.

## **5. ADMINISTRATORS' FEES AND EXPENSES**

### **5.1 General**

The Administrators' time costs, for the period from the making of the Administration Order to 31 July 2005 are summarised in the table in section 5.2 below. The work has been categorised into the following task headings and sub categories and a detailed analysis of the time spent is attached at Appendix 3.

- Administration and Planning includes such tasks as case planning and set-up, appointment notification, statutory reporting, compliance, cashiering, accounting and administrative functions.
- Investigations include such tasks as reporting on the directors' conduct, investigating antecedent transactions and any other investigations that may be deemed appropriate.
- Trading includes such tasks as planning, strategy, preparing and monitoring cashflow and trading forecasts, managing operations, corresponding with suppliers and customers, landlord issues, employee matters including payroll and ensuring an orderly wind down of the business
- Realisation of Assets includes such tasks as identifying and securing assets, sale of business, property issues, and activities in relation to other fixed assets, stock, debtors, investments and any related legal issues.
- Creditors include such tasks as creditor set up, communication and meetings with employees and trade creditors, reviewing and agreeing preferential and unsecured claims, retention of title issues, corresponding with the Landlord, reviewing and obtaining advice in relation to the distrains and recording and progressing employee related claims.
- Other tasks include pension related matters, VAT and corporation tax issues.

The Administrators will seek approval of the basis of their remuneration and expenses at the meeting of creditors to be held on 6 September 2005. A "Creditors Guide to Administrators' Fees", as required by our professional body, is attached for your information and guidance.



The range of charge out rates for the separate categories of staff (i.e. Partner, Manager and Assistants/Support Staff) is based on our normal charge out rates. The Manager rates include all grades of manager up to Director. The ranges are summarised below:

Grade	Range £ per hour
Partners	445
Managers	240 to 370
Assistants/Support Staff	105 to 175

## 5.2 TIMECOSTS

The Administrators' time costs for the period 1 July 2005 to 31 July 2005 for Thermal is set out below.

Classification of Work Function	Partner Hours	Manager Hours	Assistant /Support staff Hours	Total Hours	Time Cost £	Average Hourly Rate £
Admin and Planning	13.0	36.0	29.0	77.0	20,652	268
Investigations	0.0	9.0	0.0	9.0	2,835	315
Trading	27.0	68.0	390.0	485.0	87,826	181
Asset Realisations	0.0	55.0	31.0	86.0	22,750	264
Creditors	0.0	13.0	73.0	86.0	12,438	145
Other	0.0	7.0	1.0	8.0	2,627	328
Total	40.0	186.0	524.0	750.0	149,128	198
Timecost (£)	17,800	59,922	71,406			
Average hourly rate (£)	445	322	136			

### 5.3 Other Professional Costs

To advise on appropriate legal matters the Administrators instructed Hammonds, a firm of lawyers with the appropriate expertise and experience in dealing with manufacturing administrations. Hammonds has advised that their likely costs, net of VAT will be £125,000, and are summarised in the table below. Their fees are forecast to be based upon their recorded time costs incurred at their prevailing charge out rates and will be reviewed by the Administrators' staff before being approved for payment.

Eddisons, a firm of property and chattel asset agents, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets where appropriate. They were chosen in light of their expertise and experience in dealing with insolvency appointments of this nature. Their fees for valuation advice are based upon their recorded time costs incurred at their prevailing hourly charge out rates. Their fees for assisting in realising the assets are calculated on a commission basis, plus disbursements incurred. An indication of their costs, net of VAT, to 31 July 2005 have been provided to us and are included in the table below. Once their invoices have been submitted they will be reviewed before being approved for payment.

	Total £'000
Hammonds	125
Eddisons	50
Total	<u>175</u>

## **6.0 OTHER INFORMATION TO ASSIST CREDITORS**

### **6.1 Report on the Directors' conduct**

As part of their statutory duties the Administrators will consider the conduct of all the directors and any person we consider a shadow or de facto director in relation to their management of the affairs of the Company and the causes of its failure and submit their confidential report to the Department of Trade and Industry.

The Administrators investigations will go back three years from the date of their appointment and they will consider, among other matters, the following:

- Statutory compliance issues;
- Misfeasance or breach of duty; and
- Transactions at an Undervalue and Preferences.

Creditors who wish to draw any matters to the attention of the Administrators should write to the Administrators.

### **6.2 Unsecured creditor claims and distributions**

In the absence of Court approval, the Administrators are not specifically empowered to distribute funds to unsecured creditors. As a dividend is anticipated the various options available to agree the claims and make payments to creditors are outlined below:-

- Company Voluntary Arrangement ("CVA")

The Administrators seek to conclude the Administration with the Company's creditors where they become Joint Supervisors of a CVA. This involves the additional expense of:-

- Preparation of a CVA proposal;
- Calling and holding meetings of members and creditors; and
- Administration of the CVA.

There is a degree of uncertainty in this option given that if they are to be accepted the proposals will require the approval of the requisite majority of creditors. Creditors could vote for an alternative insolvency practitioner (i.e. other than the Administrators) to be Joint Supervisor if they so wish. There is no duty for the Joint Supervisors to report on or investigate the conduct of the Directors.

- Creditors Voluntary Liquidation ("CVL")

The Administrators could place the Company's into CVL. A liquidator is specifically empowered to make distributions to unsecured creditors without sanction of the Court. However, this too involves additional costs of:-

- Applying to Court for an order to end the administration on the basis that the purpose of the administration has been achieved;
- Unless the Court orders otherwise, convening, preparing for and holding meetings of creditors; and
- Administering the liquidation, in particular dealing with all statutory investigations and reporting requirements.

Creditors could vote for an alternative insolvency practitioner to the Joint Administrators to act as liquidator if they so wished. A liquidator is obliged to review the Directors conduct (and has certain powers in this regard) and has the power to review the conduct of the Administrator.

- Compulsory Liquidation

The Administrators can place the Company into compulsory liquidation. There would be similar costs to the CVL, but in addition the liquidator must pay all funds into the Insolvency Service Account which charges ad valorem fees (thereby reducing the overall dividend available to creditors).

- Administration

The Administrators can apply to court for authorisation to agree the claims of and to make payments to the Company's unsecured creditors.

The Administrators have included this option in the proposal as it is their opinion that the creditors will benefit from a reduction in costs as there would be:-

- no requirement for additional reports or proposals to be circulated;
- no requirement to convene any further creditors' or members' meetings; and
- no additional costs of administering another insolvency process.

The Administrators would like to bring it to the attention of creditors that this route would not be appropriate if creditors wanted an alternative insolvency practitioner to deal with creditors' claims and distributions or if they had specific concerns with regard to either the conduct of the Directors (a liquidator has wider powers and duties than an Administrator to address such concerns); or of the Administrators. For this reason the Administrators have included Creditors Voluntary Liquidation in the proposal as an alternative to authority to distribute to unsecured creditors in Administration. It is worth noting that, under the Enterprise Act 2002, a creditor who has concerns with regard to the Administrators' conduct can challenge such conduct directly without having to place the Company into liquidation (if for example they believed that the Administrators have acted so as unfairly to harm the interests of that creditor).

### **6.3 Exit Routes from Administration**

Under the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

Otherwise and unless it is proposed that a company in administration should be placed in *Creditors' Voluntary Liquidation* the appointment of Administrators ceases on the following:

- an application to Court (in the event of a Court appointment); or
- filing a notice in Court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved; or
- in the event that the Company has no property the Administrator may notify the Registrar of Companies to that effect at which time the appointment of the Administrator ceases and three months following that date the company is deemed to be dissolved

The exit route chosen in relation to the Companies will largely depend on the circumstances of the Administration and the approval of creditors.

The exit provisions contained in Schedule B1 of the Insolvency Act 1986 provide an informal and cost effective way for the appointments of Administrators to cease and reference is made to this in the Administrators proposals.

### **6.4 EC Regulations**

As stated in the Administration Orders in relation to the Companies Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation.

**7 STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

As stated in section 2.3 of this report the Administrators have concluded that the first prescribed objective under Rule 3(1) (a) namely "rescuing the company (the legal entity) as a going concern" is not achievable in respect the company in Administration given the level of debt.

Consequently the Administrators intend to perform their functions in relation to each company with the objective set out in Rule 3(1) (b) which is "to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up".

The Administrators will present their proposals relating to the creditors of the company at the meeting of creditors, but for the purposes of this report and to provide creditors with details of the proposals have summarised these below:

The Administrators' proposals to achieve a better result for the creditors of the company as a whole than would be likely if it was wound up are as follows:

1. the Administrators continue to manage the affairs and assets of the Company including the collection of debts due to the Company, completion of the sales of the assets of the Company and the settlement of all administration expenses;
2. the Administrators continue with their enquiries into the conduct of all the directors of the Company over the past three years and continue to assist any regulatory authorities with their investigation into the affairs of the Company;
3. the Administrators be authorised to agree the claims of unsecured creditors against each Company unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution;
4. the Administrators be authorised to apply to court:
  - for leave to distribute funds to the unsecured creditors and members (if appropriate) as and when claims are agreed and funds permit; and/or, if such leave is not granted
  - for leave to apply to court for authority to end the Administrations by means of Creditors Voluntary Liquidations of the Company on completion of the realisation of assets and distribution of funds to creditors other than unsecured creditors, and as quickly and as efficiently as is reasonably practicable. Under such an application it is proposed that the Administrators (or their successors in title) be appointed as liquidators of the Company or such different person(s) as the creditors may nominate, provided that the nomination is made after the receipt of the proposals and before the proposals are approved.

In the event that such authority is not granted or the Administrators deem that, in respect of the Company, it is inappropriate to make such application the Administrators be authorised to select the most appropriate and cost effective route for claims to be agreed and realisations to be distributed to all creditors, with the assistance of the creditors' committee if one is appointed;

5. that in the event the creditors of the company so determine, at the meeting of creditors, appoint a creditors' committee comprising of not more than five and not less than three creditors of the company;
6. that in respect of the creditors committee or if one is not appointed the creditors agree that the Administrators' fees and expenses be fixed by reference to the time given in attending to matters arising in the Administrations;
7. the Administrators' fees for the period to 31 July 2005 as set out in section 5, be approved for payment by the creditors of each company;
8. the Administrators' fees in respect of the period from 31 July 2005 be approved in relation to the company by the Creditors Committee should one be appointed but failing that the Administrators be authorised by the creditors to draw remuneration and expenses based on their time costs on a monthly basis; and
9. subject to the matters set out in paragraph 4 above, on completion of the realisation of assets and distribution of funds to creditors, and as quickly and as efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations.

I Brown, T N Birch and A P Berry  
Deloitte & Touche LLP  
1 City Square  
Leeds  
LS1 2AL

STATUTORY INFORMATION ACCORDING TO COMPANIES HOUSE

<b>Company name</b>		Thermal Engineering International Limited	
<b>Previous names</b>		Senior Thermal Engineering Limited	
<b>Company number</b>		00929417	
<b>Incorporation date</b>		25 March 1968	
<b>Registered office</b>		Calder Vale Road, West Yorks	
<b>Ordinary issued and called up share capital</b> Authorised Ordinary shares Allotted, called up And fully paid		21,600,000 £1 Shares  21,600,000 issued	
<b>Shareholders</b>		Jonathan Triessman 21,599,996 Delaware Shares 4	
<b>Directors</b>		Jonathan Triessman John Morrison	
<b>Company secretary</b>		Luiza Miranda Bezerra De Mello	
<b>Bankers</b>		HSBC Bank plc	
<b>Auditors</b>		KPMG LLP	

Notes

Whilst Companies House discloses that John Morrison is a director of the Company, he is no longer a director.



**Thermal Engineering International Limited**  
**(In Administration)**

**APPENDIX 2**  
**Page 1 of 1**

**Joint Administrator's Abstract Of Receipts And Payments**  
**To 17 August 2005**

<b>RECEIPTS</b>	<b>Total (£)</b>
Administrators Sales	388,630.39
Telephone	77.83
Book Debts	297,336.78
Cash at Bank	365,243.89
Misc Income/ Sale of Shares	40,166.00
3rd Party Funds	155,357.02
Bank Interest Gross	448.46
VAT Payable	68,010.33
	<u>1,315,270.70</u>
 <b>PAYMENTS</b>	
Purchases	73,113.97
Carriage	2,211.50
Repairs & Maintenance	637.13
Sundry Expenses	202.95
Warranty	2,526.24
Legal Fees	30,049.80
Service Charge	13,729.44
Statutory Advertising	2,804.59
Rents Payable	68,333.32
Wages & Salaries	114,848.43
Bank Charges	3,099.60
VAT Receivable	33,544.04
	<u>345,101.01</u>
Balances in Hand	970,169.69
	<u>1,315,270.70</u>

**THERMINAL ENGINEERING INTERNATIONAL LIMITED - IN ADMINISTRATION**  
**ADMINISTRATORS TIME COSTS TO 31 JULY 2005**

	Partner		Manager		Assistant and Support		Total	
	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs
<b>Administration &amp; Planning</b>								
Administration Strategy	10	4,450	24	7,580	0	0	34	12,030
Administration and filing	0	0	0	0	4	480	4	480
Arranging banking facilities/daily bankings	0	0	0	0	0	0	0	0
Cashiering/voucher prep & authorisation	0	0	0	0	13	1,524	13	1,524
Insurance	0	0	0	0	0	0	0	0
Preparation/Planning for appointment (incl Court)	0	0	0	0	0	0	0	0
Preparation and reporting to creditors	0	0	0	0	0	0	0	0
Standard letters/notices/directors questionnaires	0	0	0	0	10	1,200	10	1,200
Statutory and bordereau	0	0	0	0	0	0	0	0
Supervision/management of Administration	3	1,335	12	3,843	2	240	17	5,418
	13	5,785	36	11,423	29	3,444	77	20,652
<b>Investigations</b>								
Questionnaires/CDDA Reports	0	0	0	0	0	0	0	0
Investigating antecedant transactions etc	0	0	0	0	0	0	0	0
Other Investigation	0	0	9	2,835	0	0	9	2,835
	0	0	9	2,835	0	0	9	2,835
<b>Trading</b>								
Arranging continued supply / undertakings	0				26	4,462	26	4,462
Corresp/Tel /mtgs with customers	7	3,115	21	6,457	55	8,800	83	18,372
Meeting with company/staff	3	1,335	7	2,205	21	3,037	31	6,577
Trading and cashflow forecasts and monitoring	17	7,565	33	10,395	158	23,667	208	41,627
Payroll issues	0	0	0	0	20	2,400	20	2,400
Landlord issues	0	0	7	2,590	13	1,560	20	4,150
Other Trading	0				98	10,238	98	10,238
	27	12,015	68	21,647	390	54,164	485	87,826
<b>Realisation of Assets</b>								
Book debts - Set-up, review and collection of	0	0	8	2,520	0	0	8	2,520
Collection and review of financial information	0	0	0	0	0	0	0	0
Dealing with agents	0	0	0	0	0	0	0	0
Sale of business	0	0	47	14,805	31	5,425	78	20,230
Legal issues	0	0	0	0	0	0	0	0
Securing/Reviewing other assets	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0
	0	0	55	17,325	31	5,425	86	22,750
<b>Creditors</b>								
Dealing with creditors and third parties	0	0	0	0	50	5,550	50	5,550
Preferential creditors	0	0	0	0	0	0	0	0
Creditors meeting	0	0	0	0	0	0	0	0
Reservation of title issues	0	0	0	0	8	787	8	787
Employee issues (redundancy, P45, DTI etc)	0	0	13	4,253	15	1,848	29	6,101
	0	0	13	4,253	73	8,185	86	12,438
<b>Other (Please specify e.g pensions/litigation)</b>								
Pension issues	0	0	0	0	0	0	0	0
VAT/Taxation	0	0	3	959	1	188	4	1,147
Other	0	0	4	1,480	0	0	4	1,480
	0	0	7	2,439	1	188	8	2,627
<b>TOTALS</b>	<b>40</b>	<b>17,800</b>	<b>186</b>	<b>59,922</b>	<b>524</b>	<b>71,406</b>	<b>750</b>	<b>149,128</b>

## Rule 2.35

## Notice of a meeting of Creditors

Name of Company Thermal Engineering International Limited	Company number 00929417
In the High Court of Justice, Chancery Division, Companies Court Leeds District Registry (full name of court)	Court case number 703 of 2005

(a) Insert full name(s)  
and address(es) of  
administrator(s)

Notice is hereby given by  
Ian Brown  
Deloitte & Touche LLP  
1 City Square  
Leeds  
West Yorkshire  
LS1 2AL

Trevor Nigel Birch & Adrian Peter Berry

(b) Insert full name and  
address of registered  
office of the company

that a meeting of creditors of  
  
Thermal Engineering International Limited  
Economiser Works  
Calder Vale Road  
Wakefield WF1 5PF

(c) Insert details of place  
of meeting

is to be held at (c)  
  
Deloitte & Touche, 1 City Square, Leeds LS1 2AJ

(d) Insert date and time  
of meeting

on 6th September 2005 at 10:00 am

The meeting is:

\*Delete as applicable

(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed

  
Joint / Administrator(s)

Dated

10/8/05

## PROOF OF DEBT - GENERAL FORM

**In the matter of Thermal Engineering International  
Limited In Administration  
and in the matter of The Insolvency Act 1986**

Date of Administration Order 1 July 2005

1.	Name of Creditor	
2.	Address of Creditor	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5.	If the total amount shown above includes Value Added Tax, please show:-  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6.	If total amount above includes outstanding uncapitalised interest please state amount	£
7.	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
9.	Particulars of how and when debt incurred.	
10.	Particulars of any security held, the value of the security, and the date it was given	£
11.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

PROOF OF DEBT - GENERAL FORM (CONTD...)

Admitted to Vote for

£

Date

Liquidator

---

Admitted preferentially for

£

Date

Liquidator

---

Admitted non-preferentially for

£

Date

Liquidator

**NOTE:** A company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution.

## Proxy (Administration)

Thermal Engineering International  
Limited

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 6 September 2005, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

## Voting Instructions for resolutions

\*Please delete as appropriate

1. For the acceptance/rejection\* of the administrator's proposals/revised proposals\* as circulated

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. For the appointment of

\_\_\_\_\_  
of

representing \_\_\_\_\_

as a member of the creditors' committee

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_  
\_\_\_\_\_

Remember: there may be resolutions on the other side of this form

\*Delete as applicable

A copy of the \*proposals/ revised proposals is attached

**CLAIM FOR VOTING PURPOSES**

**Thermal Engineering International Limited - In Administration**

Date of Administration Order: 01/07/05

---

1. Name of Creditor

---

2. Address of Creditor

---

3. Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date of the Order. £

---

4. Details of any document by reference to which the debt can be substantiated (Note: the Administrator may call for any document or evidence to substantiate the claim at his discretion).

---

5. If total amount above includes outstanding uncapitalised interest, please state amount. £

---

6. Particulars of how and when debt incurred.

---

7. Particulars of any security held, the value of the security and the date it was given. £

---

8. Signature of creditor or person authorised to act on his behalf

---

Name in BLOCK LETTERS

---

Position with or relation to creditor

---

*(For Office Use Only)*

Admitted to vote for

---

Date:

Administrator:

---

# **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:

- 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.

## **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.