

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company A.A.B.C. LIMITED	Company number 02843694
In the HCJ Manchester District Registry <small>[full name of court]</small>	Court case number 2693 of 2009

(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.

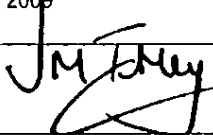
A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date

(b) 16 November 2009

Signed



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

Dated

16 November 2009

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



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COMPANIES HOUSE



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**A.A.B.C. LIMITED
(IN ADMINISTRATION)**

Registered Number 02843694
Court Ref: 2693 of 2009
Chancery Division, High Court of Justice
Manchester District Registry

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

16 November 2009

Leonard Curtis

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

Ref: A457R

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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 A.A.B.C. Limited ("the Company") on 25 September 2009 ("Administration") 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. 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 30 November 2009. 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 2693 of 2009.
- 2.2 The Company's registered office was changed from 40 Mossgate Road, Shaw, Oldham, Lancashire, OL2 7PT to DTE House, Hollins Mount, Bury BL9 8AT on 29 September 2009. The registered number is 02843694.
- 2.3 The Company operated from leasehold premises at Read Street, Hyde, Cheshire, SK14 2DP. The Company's principal business activity was print finishing.
- 2.4 The Company's directors and secretary are:

Name	Role	Date Appointed	Date Resigned
David John Walsh	Director	10 August 1993	-
Kathleen Brooks	Secretary	10 August 1993	-

- 2.5 The Company's share capital consists of 2 £1 ordinary shares owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
David John Walsh	Ordinary	1	50%
Kathleen Brooks	Ordinary	1	50%
		<u>2</u>	<u>100%</u>

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

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated in August 1993. The Company traded as print finishers.
- 3.2 The Company is a provider of print finishing services to the printing industry in the Manchester region.
- 3.3 The Company operated in a competitive market and operated at very low margins. The Company's recent poor results are due to a mixture of bad debts and lower sales, which in turn are due to a significantly lower demand for printed marketing literature as a result of the downturn in the economy.
- 3.4 The Company had reduced credit terms imposed on it by key suppliers increasing the Company's working capital requirement. In addition, ageing debts on the Company's sales ledger impacted on the level of funding available.
- 3.5 This lead to the Company experiencing severe cash flow difficulties, which resulted in increasing creditor pressure from the Crown departments and trade creditors.
- 3.6 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.
- 3.7 The Company was insolvent within the meaning of Section 123 of the Insolvency Act 1986. Following an appraisal of the Company's financial situation it was decided that the most appropriate insolvency procedure was administration as this would provide the Company with protection from its creditors whilst the possibility of a sale of the whole or part of the business and assets was explored.
- 3.8 Notice of intention to appoint an administrator was served on National Westminster Bank Plc and RBS Invoice Finance Limited on 15 September 2009.
- 3.9 John Titley and Andrew Poxon of Leonard Curtis were appointed as Joint Administrators on 25 September 2009, by the director of the Company.
- 3.10 During the period for which the Administration Order is in force, any act or function required or authorised under any enactment to be done by the Joint Administrators may be exercised by both or either of the persons holding that office.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the three years ended 31 August 2007 are detailed over the page:

	Financial Statements to 31 August 2007 £'000	Financial Statements to 31 August 2006 £'000	Financial Statements to 31 August 2005 £'000
Sales	457	316	258
Cost of Sales	(263)	(195)	(140)
Gross Profit	194	121	118
Administration Expenses	(112)	(87)	(87)
Operating Profit / (Loss)	82	34	31
Interest Payable	(25)	(15)	(15)
Profit/(Loss) on Ordinary Activities before tax	57	19	16

4.2 The balance sheets as detailed in the Company accounts are detailed below:

	Balance Sheet As at 31 August 2007 £'000	Balance Sheet As at 31 August 2006 £'000	Balance Sheet As at 31 August 2005 £'000
Fixed Assets			
Fixed assets	312	305	268
	312	305	268
Current Assets			
Debtors	128	127	144
Stock/Work in Progress	2	3	3
Cash at Bank and in Hand	-	-	-
	130	130	147
Creditors			
Amounts falling due within 1 year	(65)	(235)	(213)
Net current assets	65	(105)	(66)
Total assets less current liabilities	377	200	202
Creditors			
Amounts falling due after 1 year	(285)	(133)	(137)
Net assets / (liabilities)	92	67	65

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 is in the course of preparation. An estimated Statement of Affairs has been prepared by the Joint Administrators for the purposes of this report and this is attached at Appendix B along with supporting notes. 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 considering the estimated statement of affairs:

4.4 Secured Creditors

RBS Invoice Finance Limited ("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 15 April 2008 incorporating fixed and floating charges over all Company assets.

At the date of the administration RBSIF were owed £69,883.66, inclusive of termination charges due under the terms of the book debt assignment agreement. To date collections total £52,681.83. Any surplus will be available to the Administrators once RBSIF have applied their final charges and reassigned the ledger to the Company.

Barclays Bank Plc ("Barclays")

Barclays are secured by virtue of a fixed charge over a freehold property located at Read Street, Hyde. Barclays were owed approximately £265,000 at the date of appointment and are in discussions with the Purchaser, who has expressed an interest in taking on the property, together with the Barclays debt.

National Westminster Bank Plc ("NatWest")

NatWest have the benefit of a debenture dated 9 October 1998 incorporating fixed and floating charges over the Company's property. NatWest provided an overdraft facility to the Company and at the date of appointment was owed approximately £37,000.

Other Secured Creditors

In addition to the above the Company had three outstanding chattel mortgage charges registered at Companies House in favour of Industrial Equipment Finance, Hitachi Capital (UK) Plc and Finance for Industry Limited. These charges relate to hire purchase/finance agreements in respect of certain items of plant. Our agents have advised that there is no equity available in these items of plant and it is understood that the Purchaser is liaising with the above finance companies with a view to acquiring the aforementioned plant.

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). It is not anticipated that there will be any preferential claims in respect of outstanding arrears of wages and holiday pay in this case.

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 Invoice Finance Limited	15 April 2008

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 not apply as it is not anticipated that there will be a distribution under the terms of RBSIF's floating charge security, given that NatWest are unlikely to be repaid in full under the terms of their prior ranking pre-Enterprise Act floating charge.

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.

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 and upon 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 allow the following:

- Enhanced asset values;
- The potential of customer continuity and resultant improved debtor collections;
- Minimise preferential creditor claims;
- Mitigate any finance creditor shortfall.

An offer of £20,000 was made to the proposed Joint Administrators. Following advice from our appointed agents, Messrs Charles Taylor, who had carried out valuations of the Company's physical assets and Waterworths Chartered Accountants, who valued the Company's goodwill, this offer was accepted and the business sale was concluded on 25 September 2009.

The decision was made not to trade the Company in Administration, because the latest available management accounts indicated that the Company was incurring substantial losses. These losses indicated a significant level of risk for the Joint Administrators.

Trading the Company would not have guaranteed an improved offer for the assets and may have conversely devalued the goodwill. The realisable value of the book debts and work in progress of the Company would have reduced if any of the current management team and staff left the Company.

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. It was unlikely that clients would have been prepared to continue ongoing instructions due to uncertainty and the availability in the market place of alternative printers.

The Purchaser of the business and assets of the Company was Alexander Philips Investments Limited ("the Purchaser"). The Purchaser is an associated party as defined by Section 435 of the Act. Our legal advisors in this matter were Farleys Solicitors LLP. The Purchaser's legal advisors were Turner Parkinson LLP.

The agreed sale consideration was £20,000 and was apportioned as follows:-

Asset	£
Goodwill	5,000
Equipment	4,800
Contracts	1
Stock	1
Business Name	1
Personal Data	1
Business Intellectual Property	1
Motor Vehicles	400
Work in Progress	9,795
TOTAL	<u>20,000</u>

The deferred sale consideration schedule is as follows:-

	£
On Completion	5,000
25 October 2009	2,500
25 November 2009	2,500
25 December 2009	2,500
25 January 2010	2,500
25 February 2010	2,500
25 March 2010	2,500
TOTAL	<u>20,000</u>

The £5,000 due on completion has been received along with the first tranche of deferred consideration in the sum of £2,500.

The deferred element of the consideration is secured by a personal guarantee provided by Mr David John Walsh.

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 £69,883.66 against a book debt ledger of £76,927.35. RBSIF have advised that their collections to date amount to £52,681.83.

5.3 Freehold Property

In addition to the above the Company has a freehold property located at Read Street, Hyde. The property was subject to a valuation by W T Gunson, who indicated the property has a market value of approximately £200,000. The property is subject to a fixed charge in favour of Barclays who are owed approximately £265,000. Barclays are in discussions with the Purchaser with regard to a potential novation of the debt, given the negative equity position.

5.4 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
Farleys Solicitors LLP	Legal advice	Time costs
Waterworths Chartered Accountants	Goodwill Valuation	Time costs
WT Gunson	Property Valuation	Time costs
Charles Taylor	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 likely 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.

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 has resulted in a repayment to RBSIF and the realisation of the goodwill will result in a payment to NatWest, 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 30 November 2009. 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, as is likely in this case, 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. £2,145.00 of time costs were incurred in the period prior to our appointment on 25 September 2009, 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 31 October 2009. The summary shows that time costs of £4,661.50 have been incurred which represents 31.8 hours at a rate of £146.59 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 unlikely that there will be a return to the Company's unsecured creditors in this instance. Any return is 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 dissolved.
- 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
A.A.B.C. LIMITED



J M TITLEY
Joint Administrator

Licensed by Institute of Chartered Accountants in England and Wales

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

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that 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 25 SEPTEMBER 2009

	Notes	Book Value £'000	In Administration £'000
Assets Specifically Pledged			
Property	1	200	200
Less: Barclays Bank Plc	2	(265)	(265)
Surplus (Deficiency) c/d		(65)	(65)
Goodwill	3	Nil	5
Less: NatWest	4	(37)	(37)
Surplus (Deficiency) c/d		(37)	(32)
Book debts	5	77	58
Less: RBSIF	6	(70)	(70)
Surplus (Deficiency) c/d		7	(12)
Assets Not Specifically Pledged			
Surplus as regards RBSIF		7	-
Physical Assets	7	90	15
		97	15
Available to Preferential Creditors			
Preferential Creditors			
Arrears of wages/accrued holiday pay		Nil	Nil
Available to Floating Creditors		97	15
Less: Prescribed Part	8	N/a	N/a
Deficiency as regards NatWest Bank b/d		(37)	(32)
Deficiency as regards RBSIF b/d		Nil	(12)
Surplus (Deficiency) as regards Floating Charge Creditors		60	(29)
Prescribed Part		N/a	N/a
Available for unsecured creditors		60	(29)
Unsecured creditors			
H M Revenue & Customs – VAT	9	(12)	(12)
H M Revenue & Customs – PAYE	9	(48)	(48)
Deficiency as regards Barclays Bank Plc b/d		(65)	(65)
Trade and expense creditors	10	(7)	(7)
Estimated deficiency as regards unsecured creditors		(72)	(161)

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 by independent valuers. It should be noted that no provision has been made for the costs and expenses of the Administration.

1 Property

The Company has a freehold property located at Read Street, Hyde. The property was subject to a valuation by W T Gunson, who indicated the property has a market value of approximately £200,000. The property is subject to a fixed charge in favour of Barclays who are owed approximately £265,000.

2 Barclays Bank Plc ('Barclays')

Barclays are secured by virtue of a fixed charge over a freehold property located at Read Street, Hyde. Barclays were owed approximately £265,000 at the date of appointment.

3 Goodwill

Waterworths Chartered Accountants ("Waterworths") completed an independent review of the Company and the market place in order to value the Goodwill of the company. Waterworths indicated the Goodwill of the company had a value of up to £5,000.

4 National Westminster Bank Plc ('NatWest')

NatWest have the benefit of a debenture dated 9 October 1998 incorporating fixed and floating charges over the Company's property. NatWest provided an overdraft facility to the Company and was owed approximately £37,000 at the date of appointment.

5 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 £69,883.66 against a book debt ledger of £76,927.35. RBSIF have advised that their collections to date amount to £52,681.83.

6 RBS Invoice Finance Limited ('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 15 April 2008 incorporating fixed and floating charges over all Company assets.

At the date of the administration RBSIF were owed £69,883.66, inclusive of termination charges due under the terms of the book debt assignment agreement. To date collections total £52,681.83. Any surplus will be available to the Administrators once RBSIF have applied their final charges and reassigned the ledger to the Company.

7 Physical Assets

Independent agents Messrs Charles Taylor valued the Company's physical assets. The values given for the physical assets of the Company ranged from an open market value of £2,150 to a restricted realisation price of £1,600. The physical assets were sold for £5,200. Our agents advised that none of the assets subject to finance agreements had any realisable equity for the Administration.

8 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.

In this instance, the prescribed part will not apply as it is not anticipated that there will be a distribution under the terms of RBSIF's floating charge security, given that NatWest are unlikely to be repaid in full under the terms of their prior ranking pre-Enterprise Act floating charge.

9 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.

10 Trade and Expense Creditors

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

APPENDIX B (continued)

**Per Statement
of affairs**

Name	Address	Hyde Point	Dunkirk Lane	Hyde	Cheshire	SK14 4NL
Pearson Print Ltd	Unit 9	Bramble Road	Swindon	Wiltshire		SN2 8ER
Stanley Security Solutions Ltd	Stanley House	Hillgate Business Centre	Swallow Street	Stockport		SK1 3AU
Stockport Cutting Forms Ltd	Units 14/15	Victoria Works	Accrington Road	Burnley		BB11 5EF
AG Services	Unit 16b	The Graftons	Stamford New Road	Altrincham		WA14 1DQ
J. Osbourne	3rd Floor	Newton Business Park	Talbot Road	Hyde	Cheshire	SK14 4UQ
Imperial Cutting Forms Ltd	Unit 12	Alma Trading Estate	Regent Street	Rochdale		OL12 0HQ
Nucleus Marketing Services Ltd	Units 3-4	Rochdale				OL11 3JX
Easipay (Rochdale)	29 Eskdale Avenue	Fifth Avenue	Trafford Park	Manchester		M17 1TN
Macfarlane Group UK Ltd	Empire Court	Warmoo Industry Park	Manchester Road	Mossley	Lancashire	OL5 9AY
R2 CP	Unit E115	Denton	Manchester			M34 6FS
Phoenix Electrical Services (Manchester)	8 Southern Close	Ashton-Under-Lyne	Lancashire			OL6 9JB
Tibbard Laundry Services Ltd	Holden Street	Ashton-Under-Lyne				OL6 7NB
Pyramid Contract Services	53 Wood Street	Bechers Drive	Race Course Business Park	Aintree	Merseyside	L9 5AY
D&P Watson Ltd	Unit 8A	Park Lane	Hemel Hempstead	Hertfordshire		HP2 4TT
Friedheim International Ltd	Park House	Queens Dock	Liverpool			L74 4AF
HM Customs and Excise	Insolvency Operations	London				EC2P 2BP
National Westminster Bank plc	41 Louthbury	Elmwood Avenue	Feltham	Middlesex		TW13 7QD
RBS Invoice Finance Limited	Smith House	Wheldrake	York	North Yorkshire		YO19 6AE
Industry Limited	38a Main Street	London				EC2M 3JR
National Westminster Bank plc	135 Bishopsgate	Green Lane	Hounslow	Middlesex		TW4 6NW
Hitachi Capital (UK) Plc	Walthbrook Business Centre	32 Bridge Street	Banbury			
Barclays Bank Plc	1st Floor	1 Royal Bank Place	Buchanan Street	Glasgow		G1 3AA
Industrial Equipment Finance Limited	c/o Kidstons & Co	Manchester Parkway	Room 717 Albert Bridge House	Bridge Street, Manch		M60 9AA
HM Inland Revenue	Insolvency Monitoring Unit	Llanisham	Cardiff	CF4 5ZG		
TIDO (CES)	Ty Glas Road	Barnington Road	Worthing	West Sussex		BN12 4SE
HM Inland Revenue	Durrington Bridge House	Room BP2302	Benton Park View	Longbenton		NE98 1ZZ
HMRC ICHU	E15 Tyne & Wear	Queens Dock	Queens Wharf	Liverpool		L74 4AG
HM Customs & Excise	Insolvency Section					
Total						

APPENDIX C

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS
FROM 25 SEPTEMBER 2009 TO 16 NOVEMBER 2009**

	Statement of Affairs £	Received by Administrator £	Received by RBSIF £
RECEIPTS			
Sale of Business	20,000.00	7,500.00	-
Book Debts	58,000.00	-	52,681.83
	<u>78,000.00</u>	<u>7,500.00</u>	<u>52,681.83</u>
PAYMENTS			
RBSIF		-	52,681.83
		<u>-</u>	<u>52,681.83</u>
BALANCE AT BANK		<u>7,500.00</u>	

APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS TIME COSTS FROM 25 SEPTEMBER 2009 TO 31 OCTOBER 2009

	Director		Administrator 2		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Assets	10	395.00	-	-	-	-	10	395.00	395.00
Debenture Holder	5	197.50	-	-	-	-	5	197.50	395.00
Appointment	25	987.50	25	425.00	253	2,656.50	303	4,069.00	134.29
Total	40	1,580.00	25	425.00	253	2,656.50	318	4,661.50	
Average Hourly Rate (£)		395.00		170.00		105.00		146.59	
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 2009 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	£
Partner	395
Senior Manager	350
Manager 1	285
Manager 2	245
Administrator 1	195
Administrator 2	170
Administrator 3	150
Administrator 4	105
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)	£85.40 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: 25 September 2009

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:
