Rule 2 47

Form 2 24B

The Insolvency Act 1986

2.24B

Administrator's progress report

Name of Company	Company number
Artisan II Ltd	03193672

In the	Court case number
High Court of Justice Birmingham District Registry	8623 of 2011

We

Mark Granville Firmin
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Howard Smith
KPMG LLP
1 The Embankment
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Joint Administrators of the above company attach a progress report for the period

from	to
12 December 2011	11 June 2012

Signed

Joint Administrators

Dated 4 July 2012

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

Haroon Ahmed
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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**

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COMPANIES HOUSE

Artisan H Limited in administration

Progress Report for period from 12 December 2011 to 11 June 2012

KPMG LLP
27 June 2012
This report contains 21 Pages

Contents

1 Executive Summary 5

2 Joint Administrators' Statement of Proposals / Previous Relationships 6

3 Progress to date 6

4 Comments on the Appendices 10

5 Appendix 1 13
5 1 Statutory Information 13

6 Appendix 2 14
6 1 Office holders' receipts and payments account 14

7 Appendix 3 15
7 1 Analysis of office holders' time costs for the period 12 December 2011 to 11 June 2012 15

7 2 Administrators' charge out rates for the period 12 December 2011 to 11 June 2012 16

7 3 Joint Administrators' disbursements 17

8 Appendix 4 18
8 1 Schedule of expenses for the period 12 December 2011 to 11 June 2012 18

9 Extract from the Insolvency Rules 1986 19

About this report

This progress report has been prepared by Mark Granville Firmin and Howard Smith, the Joint Administrators of Artisan H Limited ("the Company"), solely to comply with their statutory duty under the Insolvency Act and Rules 1986 to provide creditors with an update on the progress of the administration of the Company, and for no other purpose It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context

This progress report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in this Company

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Rules 1986 (as amended) does so at their own risk To the fullest extent permitted by law, the office holders do not assume any responsibility and will not accept any liability in respect of this report to any such person

Mark Granville Firmin is authorised to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England & Wales Howard Smith is authorised to act as an Insolvency Practitioner by the Insolvency Practitioners Association

The Joint Administrators act as agents for Artisan H Limited and contract without personal liability The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration

Please note that unless stated otherwise, all amounts in this report and appendices are stated net of VAT

Glossary

Joint Administrators	Mark Granville Firmin and Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
Administration Order	The Administration Order granted by the High Court of Justice, Chancery Division, Birmingham District Registry, in respect of Artisan H Limited on 12 December 2011 Court Administration Order number 8623 of 2011
the Company	Artisan H Limited (Company registered number 03193672)
the Director	Carol Ainscow
the Bank	Bank of Ireland (UK) Plc
the Council	Sheffield City Council
the Development	Fox Hill Development, Sheffield
HCA	Homes and Communities Agency
SitexOrbis	SitexOrbis Limited
IA 86	The Insolvency Act 1986
IR 86	The Insolvency Rules 1986 (as amended)

1 Executive Summary

- This progress report covers the six month period from appointment to 11 June 2012
- On 12 December 2011 the Bank took steps to appoint Mark Granville Firmin and Howard Smith as Joint Administrators
- The notice of appointment, Form 2 6B, was lodged at the Birmingham District Registry on 12 December 2011 and the Joint Administrators were duly appointed
- In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by either or both of them
- The Administrators' Statement of Proposals were deemed approved on 15 February 2012 and have not been modified (see Section 2 - Administrators' Statement of Proposals)
- There was no prospect of saving the Company as a going concern The Administrators' role has been to dispose of the remaining assets (see Section 3 - Progress to date) Therefore, the purpose of the administration, in accordance with Paragraph 3(1)(b) of The Insolvency Act 1986 is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- Based on the expected level of realisations the Joint Administrators expect there to be insufficient funds available to make a distribution to the unsecured creditors
- Full details of the Joint Administrators Progress Report are attached together with all the relevant statutory information included by way of Appendices (see Section 4 - Comments on the Appendices and the Appendices)

Joint Administrator – Mark Granville Firmin

2 Joint Administrators' Statement of Proposals / Previous Relationships

2 1 Administrators' Statement of Proposals

The Administrators' Report and Statement of Proposals was circulated on 1 February 2012

Pursuant to Paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986, the Administrators did not convene a creditors meeting as the Company has insufficient property to enable a distribution to be made to unsecured creditors

As a meeting was not requisitioned by the creditors, the Administrators' Statement of Proposals, as circulated, was deemed approved on 15 February 2012 No modifications were received

2 2 Prior KPMG involvement

As previously reported, the Bank engaged KPMG LLP in November 2011 to help consider its options in relation to its security over the Company's primary asset, the Development

Please note that all fees relating to work completed by KPMG LLP prior to the Administrators' appointment was billed directly to the Bank and no payments from the administration to KPMG LLP for this work

3 Progress to date

3 1 Strategy

Upon their appointment, the Joint Administrators' staff attended the Development to secure the site and ensure it was compliant with insurance and health and safety regulations

The Joint Administrators undertook an initial review of the Company's position and conducted initial meetings with key stakeholders to assist in implementing a strategy for the asset Following this, the Joint Administrators conducted a focussed marketing campaign with relation to the Development

In an effort to achieve a sale, the Joint Administrators have entered into a six month exclusivity agreement with an interested party This will allow the interested party to carry out detailed due diligence on the Development, and continue discussions with key

stakeholders the Council and HCA, with a view to completing a sale following expiry of the exclusivity agreement

3.2 Communication

The Joint Administrators notified all known creditors of their appointment in writing on 13 December 2011

The Administrators' Statement of Proposals was circulated to all known creditors of the Company on 1 February 2012

3 3 Assets

3 3 1 The Development

3 3 1 1 *Stakeholders*

The Development is the main asset of the Company and is held under a long leasehold from the Council Shortly after appointment, the Joint Administrators entered into detailed discussions with key stakeholders, which included the Council, HCA and the Bank

3 3 1 2 *Health and Safety*

The Joint Administrators arranged for the fencing of the entire perimeter of the Development and instructed SitexOrbis to provide 24 hour on site security

A site inspection of the security and health and safety issues on the site was conducted by the Joint Administrators and their representatives A number of immediate steps were taken to ensure the Development was secure and compliant with insurance and health and safety requirements These included the covering of exposed manholes, lowering of unsafe soil mounds, removal of asbestos, securing of the building openings and general tidying and storage of building materials on site

The Bank continues to fund, via an agreed overdraft, the site security to ensure the Development remains compliant with health and safety regulations and to protect the value of the asset while negotiations with a potential purchaser are ongoing

3 3 1 3 *Marketing*

As previously mentioned, the Joint Administrators conducted a focussed marketing campaign in an effort to achieve a sale of the Development, immediately on appointment Following initial contact, detailed meetings were held with parties who had expressed an interest in the Development

Negotiations with one interested party are now at an advanced stage

3 3 2 Other properties

Land registry searches show that the Company hold long leaseholds over two properties located in Manchester

The Joint Administrators continue to investigate this position and have instructed solicitors to liaise with the incumbent agents and solicitors who acted for the Company prior to the administration

Having clarified ownership, the Joint Administrators will take appropriate steps to realise the assets

3 4 Liabilities

3 4 1 Secured creditors

3 4 1 1 Bank of Ireland

The Bank holds a first ranking security over the Development and a debenture over the Company At the date of appointment the Bank was owed circa £4 5m

3 4 1 2 Homes and Communities Agency

The HCA holds a second ranking charge, together with restrictions over the title to the Development and has a debt of £2 7m

3 4 2 Preferential creditors

The Joint Administrators are not aware of the Company having any employees at the date of their appointment As such, there are no known preferential creditors

3 4 3 Unsecured creditors

Based upon current information, the Joint Administrators do not expect that there will be sufficient funds available to make a distribution to the Company's unsecured creditors, either from surpluses after payment of secured creditors, or through a prescribed part

3.5 Expenses for the period

Attached at Appendix 2 is the Receipts and Payments Account

Office holders' time costs for the period of this report are also attached at Appendix 3

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Insolvency Rules 1986 A creditor's guide to fees can be found at

http //www r3 org uk/media/documents/technical_library/SIPS/SIP_9_EW_Nov_2011 pdf

If you are unable to access this guide and would like a copy, please contact Haroon Ahmed on 0113 231 3033

Since our appointment to 11 June 2012, we have incurred time costs of £261,856 representing 906 hours at an average rate of £289 per hour This includes Tax, VAT, Health and Safety and Pensions advice from KPMG LLP in-house specialists

The Administrators have incurred disbursements of £1,613, which are outlined at Appendix 3 To date no disbursements have been drawn

All staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates

The Joint Administrators' Proposals included the following resolutions

- that in the event that no creditors' committee is formed, the Joint Administrators will be authorised to draw fees on account from the assets of the Company from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment In the event that Mark Firmin and Howard Smith be appointed Joint Liquidators then they will be able to draw fees on the same basis as the Joint Administrators as agreed by the Company's creditors Also, the Joint Administrators will be authorised to draw disbursements from time to time to include category 2 disbursements, and
- that the costs of KPMG LLP in respect of HSE, Pension, Tax, Receivables Realisation Group and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company

In accordance with Rule 2 106(5A) of the IR86, approval of these resolutions will be sought from the Company's secured creditors, as there will be no distribution to any class of creditor other than secured

The Administrators have not drawn any remuneration during the period covered by this report

Additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed Full details of the process to obtain more information under Rule 2 48A IR86 and to challenge the Administrators' remuneration and expenses under Rule 2 109 IR86 are included in Appendix 4 should creditors wish to do so

4 Comments on the Appendices

4 1 Statutory information

The requisite statutory information is included at Appendix 1

4 2 Receipts & payments account for the period

Receipts

There have been no receipts in the period

Payments

4 2 1 Site clearance costs

Site clearance costs to 11 June 2012 total £4,392 This includes the following

- Costs of £700 have been paid to engage a local contractor to assist with the general tidy up of the Development to comply with health and safety regulation
- Costs of £3,242 have been paid to SitexOrbis with respect to site clearance SitexOrbis have been engaged to deal with asbestos removal and other larger health and safety issues such as lowering of soil mounds and the covering up of exposed man holes
- Costs of £150 have been paid to a structural engineer for the inspection of the retaining wall at the Development, and costs of £300 have been paid for an inspection of the scaffolding currently erected at the Development

4 2 2 Security costs

Security costs to 11 June 2012 total £66,150 These include

- Costs of £64,977 have been paid to date with respect to guarding and erecting Heras fencing
- Costs of £1,173 have been paid to Wernick Hire for the hire of welfare facilities and a storage cabin

4 2 3 Legal fees

Legal costs of £750 have been paid to Addleshaw Goddard LLP

4 2 4 Other costs

Other costs include storage costs of £73, redirection of mail costs of £82, statutory advertising costs of £333 and bank charges of £116

4.3 Analysis of office holders time costs

Since the Joint Administrators appointment, time costs of £261,856 have been incurred, representing 906 hours at an average rate of £289 per hour

A detailed analysis for activities with time costs in excess of £10,000, totalling £202,761, is set out below for creditors' information An overview of the total time costs for the period of this report is attached at Appendix 3

4 3 1 Appointment and related formalities

Following the appointment of the Administrators, time costs of £10,312 (39 hours) have been incurred in relation to notifying all relevant parties of the appointment, with the exception of creditors, instructing solicitors and dealing with all other immediate matters arising which were relevant to the set up of the administration

4 3 2 Statutory reporting

In February 2012 the Administrators circulated their Proposals to all known creditors of the Company and time costs of £15,223 (58 hours) were incurred in relation to the preparation and circulation of this report

4 3 3 Reports to Debenture holders and liaising with the Bank

In January 2012 the Administrators produced a report to the Bank providing an update on the progress of the administration A further update was provided by the Administrators in April 2012 In addition, the Joint Administrators staff have met with the Bank on numerous occasions to provide the Bank with further details on the progress of the administration

Time costs of £28,610 (82 hours) were incurred in relation to the preparation of the two reports and liaising with the Bank

4 3 4 Strategy

Shortly after appointment, the Administrators entered into detailed discussions with key stakeholders, which included the Council, HCA and the Bank These discussions formed part of the overall strategy of the administration

Time costs incurred in relation to strategy in the period total £10,101 (24 hours)

4 3 5 Investigation

The Administrators have finalised their report on the affairs of the Company and the conduct of the Director and this has been submitted to the Department for Business, Innovation and Skills The contents of this report are confidential and no further details can be disclosed to creditors

Time costs of £12,757 (58 hours) have been incurred in relation to this matter

4 3 6 Health and safety

The Administrators internal health and safety team have worked to ensure the site is compliant with insurance and health and safety regulations This has included visiting the site and liaising with contractors to complete necessary works

Time costs of £22,632 (94 hours) have been incurred in relation to this matter

4 3 7 Leasehold property

The Administrators undertook an initial review of the Company's position and conducted initial meetings with key stakeholders to assist in implementing a strategy for the Development These meetings continue, together with general management of the site

Time costs of £66,443 (236 hours) have been incurred in relation to this matter

4 3 8 Sale of business

The Administrators conducted a focussed marketing campaign with relation to the Development, contacting specifically targeted parties identified as likely to be interested in acquiring the Development Negotiations with an interested party are now at an advanced stage with the Administrators entering into a six month Exclusivity Agreement

Time costs incurred in relation to the sale of business in the period total £36,683 (105 hours)

4 4 Expenses for the period

At Appendix 4 we discuss accrued and paid expenses, which total £141,937 Office holders' time costs for the period of this report are also attached at Appendix 3

5 Appendix 1

5 1 Statutory Information

Appointment	
For period	12 December 2011 to 11 June 2012
Company name	Artisan H Limited
Nature of business	Property developer
Court details	The Administration Order was made on 12 December 2011 in High Court of Justice, Birmingham District Registry number 8263 of 2011, application by the Bank of Ireland
Date of appointment	12 December 2011
Extension obtained	n/a
Office holder details	Mark Granville Firmin was appointed on 12 December 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales Howard Smith was appointed on 12 December 2011 and is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association
Registered number	03193672
Previous registered office	Express Networks 3 6 Oldham Road Manchester M4 5DE
Present registered office	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Basis of remuneration	Time costs to be agreed
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations

6 Appendix 2

6.1 Office holders' receipts and payments account

Artisan H Ltd
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 12/12/2011 To 11/06/2012	From 12/12/2011 To 11/06/2012
	FIXED CHARGE ASSETS		
2,800,000 00	Leasehold property	NIL	NIL
		NIL	NIL
	FIXED CHARGE COSTS		
	Site clearance costs	4,391 71	4,391 71
	Security costs	66,150 22	66,150 22
		(70,541 93)	(70,541 93)
	FIXED CHARGE CREDITORS		
(4,935,000 00)	Bank of Ireland	NIL	NIL
(1,627,404 00)	Homes & communities agency	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
2,000 000 00	Shares and investments	NIL	NIL
1,135,000 00	Cash at bank	NIL	NIL
		NIL	NIL
	COST OF REALISATIONS		
	Legal fees	750 00	750 00
	Storage costs	72 96	72 96
	Re-direction of mail	81 72	81 72
	Statutory advertising	332 77	332 77
	Bank charges	116 41	116 41
		(1,353 86)	(1 353 86)
	UNSECURED CREDITORS		
(6,704,079 00)	Trade & expense	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(2 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(7,331,485 00)		**(71,895 79)**	**(71,895 79)**
	REPRESENTED BY		
	Floating ch VAT rec'able		338 98
	Floating Charge Account - O/D 123K		(86,035 33)
	Fixed charge VAT rec'able		13,800 56
			(71,895 79)

7 Appendix 3

7 1 Analysis of office holders' time costs for the period 12 December 2011 to 11 June 2012

		Partner / Director	Manager	Administrator	Support	Total hours	Time cost (£)	Average hourly rate (£)
Administration & planning								
	Bankrupt/Director/Member							
	Notification of appointment	0 00	1 50	4 40	0 00	5 90	1 287 50	218 22
	Cashiering							
	General (Cashering)	1 00	0 00	3 00	0 00	4 00	998 00	249 50
	Reconciliations (& IPS accounting reviews)	0 00	0 00	0 60	0 00	0 60	137 50	229 17
	General							
	Books and records	0 00	8 50	25 55	0 00	34 05	8 265 00	242 73
	Fees and WIP	0 00	9 30	2 25	0 00	11 55	3 948 50	341 86
	Statutory and compliance							
	Appointment and related formalities	6 50	8 00	24 45	0 00	38 95	10 311 50	264 74
	Checklist & reviews	0 00	4 40	8 90	0 00	13 30	3 427 50	257 71
	Reports to debenture holders	4 10	12 40	15 75	0 00	32 25	10 474 75	324 80
	Statutory receipts and payments accounts	0 00		0 10	0 00	0 10	24 00	240 00
	Strategy documents	12 80	5 90	5 00	0 00	23 70	10 100 50	426 18
	Tax							
	Initial reviews CT and VAT	1 50	7 00	4 40	0 00	12 90	4 357 50	337 79
	Post appointment corporation tax	0 00	9 80	4 00	0 00	13 80	5 061 00	366 74
	Post appointment VAT	1 30	5 90	7 20	0 00	14 40	4,114 50	285 73
		27 20	72 70	105 60	0 00	205 50	62 507 75	304 17
Creditors	**Creditors and claims**							
	General correspondence	0 00	9 20	16 45	0 00	25 65	6 637 75	258 78
	Legal claims	0 00	0 70	0 00	0 00	0 70	297 50	425 00
	Pre-appointment VAT / PAYE / CT	0 00	0 00	1 60	0 00	1 60	377 50	235 94
	Secured creditors	0 00	45 40	4 00	0 00	49 40	18 135 00	367 11
	Statutory reports	4 40	10 20	43 20	0 50	58 30	15,722 75	261 11
		4 40	65 50	65 25	0 50	135 65	40 670 50	299 82
Employees	Correspondence	0 00	7 10	2 40	0 00	9 50	2 999 00	315 68
	Pensions reviews	0 00	0 40	5 60	0 00	6 00	1,182 50	197 08
		0 00	7 50	8 00	0 00	15 50	4 181 50	269 77
Investigation	**Directors**							
	Correspondence with directors	0 00	11 80	3 75	0 00	15 55	4 925 50	316 75
	D form drafting and submission	1 90	6 10	49 50	0 00	57 50	12 756 50	221 85
	Directors' questionnaire / checklist	1 40	0 00	0 00	0 00	1 40	719 00	513 57
	Statement of affairs	0 00	0 00	2 15	0 00	2 15	467 25	217 33
	Investigations							
	Correspondence re investigations	0 00	0 00	0 50	0 00	0 50	120 00	240 00
	Mail redirection	0 00	0 00	0 75	0 00	0 75	131 25	175 00
	Review of pre-appt transactions	0 00	0 00	7 20	0 00	7 20	1,260 00	175 00
		3 30	17 90	63 85	0 00	85 05	20 379 50	239 62
Realisation of assets	**Asset Realisation**							
	Cash and investments	0 00	1 30	9 75	0 00	11 05	2 892 50	261 76
	Debtors	0 00	2 00	8 55	0 00	10 55	2 664 00	252 51
	Freehold property	0 00	0 50	0 00	0 00	0 50	172 50	345 00
	Health & safety	0 00	34 05	59 45	0 00	93 50	22 631 75	242 05
	Leasehold property	3 30	94 60	138 00	0 00	235 90	66 442 50	281 66
	Open cover insurance	0 00	0 25	1 50	0 00	1 75	413 75	236 43
	Other assets	0 50	5 30	0 00	0 00	5 80	2 216 00	382 07
	Sale of business	1 50	78 60	24 75	0 00	104 85	36,683 50	349 87
		5 30	216 60	242 00	0 00	463 90	134 116 50	289 11
	Total in period					905 60	261,855 75	289 15

7.2 Administrators' charge out rates for the period 12 December 2011 to 11 June 2012

Grade	From 1 October 2010 £/hr
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Senior Administrator	240
Administrator	175
Support	110

	KPMG LLP Corporation Tax Team	KPMG LLP Pensions Team	KPMG LLP CCS Team
Grade	From 1 July 2010 £/hr	From 1 July 2010 £/hr	From 1 July 2010 £/hr
Partner	725	725	700
Associate Partner	635	635	640
Director	635	635	640
Senior Manager	525	525	550
Manager	420	420	450
Senior Administrator	305	305	310
Administrator	230	230	225
Support	120	120	180
Work Experience	40	40	70

7.3 Joint Administrators' disbursements

Expense name	Expense amount (£)
Printing costs	59
Mileage costs	390
Bordereau	20
Other transport	54
Train costs	964
Meals	8
Land registry searches	76
Meeting room hire	42
Total	**1,613**

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate For the avoidance of doubt, such expenses are defined within SIP 9 as follows

> **Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff
>
> **Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate

8 Appendix 4

8.1 Schedule of expenses for the period 12 December 2011 to 11 June 2012

Section	Account	Accrued	Paid	Total
Fixed charge costs	Administrators' expenses	1,223		1,223
	Legal fees	16,980		16,980
	Heat and light	500		500
	Site clearance costs	5,608	4,392	10,000
	Security costs	44,530	66,150	110,680
		68,841	**70,542**	**139,383**
Cost of realisations	Legal fees	1,000	750	1,750
	Storage costs	200	73	273
	Re-direction of mail		82	82
	Statutory advertising		333	333
	Bank charges		116	116
		1,200	**1,354**	**2,554**
TOTAL		**70,041**	**71,896**	**141,937**

Creditors are reminded that the basis on which fees have been reported has not yet been agreed by the secured or preferential creditors

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 2 48A IR86 This request must be made within 21 days receipt of the report The full text of that rule can be provided on request

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 2 109 IR86 The full text of this rule can also be provided on request

9 Extract from the Insolvency Rules 1986

Insolvency Rules 1986

2 48A Creditors' request for further information

(1) If- (a) within 21 days of receipt of a progress report under Rule 2 47-

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of **at least 5% in value** of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

The administrator complies with this paragraph by either—
(a) providing all of the information asked for, or

(b) so far as the administrator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or

(iii) the administrator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

(a) the giving by the administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

2 109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of **at least 10% in value of the unsecured creditors** (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) An application may be made on the grounds that—

(a) the remuneration charged by the administrator,

(b) the basis fixed for the administrator's remuneration under Rule 2 106,

(c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration