

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

| | |
|---|----------------------------------|
| Name of Company Ash Associates Communications Limited | Company number 03356834 |
| In the High Court of Justice Chancery Division Manchester District Registry (full name of court) | Court case number 850 of 2011 |

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

I/We (a)
Gary John Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

Colin Burke
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

*Delete as applicable

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

(b) 29 June 2011

Signed



Joint / Administrator(s)

Dated

29.6.11

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

Gary Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

DX Number

0161 927 7788
DX Exchange

The contact information that you give will be used by Companies House

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

THURSDAY



A40

30/06/2011
COMPANIES HOUSE

268



**MILNER BOARDMAN
& PARTNERS**

Corporate Recovery

Our ref DTB/AJ/1944/7

28 June 2011

The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

tel 0161 927 7788
fax 0161 941 3038

www.milnerboardman.com

TO ALL CREDITORS AND MEMBERS

Dear Sirs

ASH ASSOCIATES COMMUNICATIONS LIMITED – IN ADMINISTRATION (“the company”)

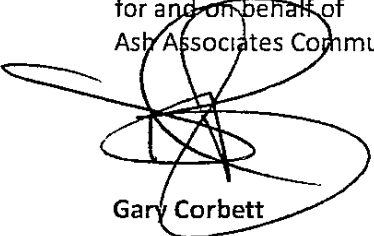
I refer to my appointment as Joint Administrator of the company on 11 May 2011. Please find enclosed the following -

- Statement to Creditors pursuant to Rule 2.33 of the Insolvency Act 1986
- Form 2.20B - Notice of Meeting by Correspondence
- Proof of Debt form
- Form 2.25B – Voting Form
- A schedule of time spent to date on the case by the Administrator
- Creditor's Guide to Administrator's Fees
- Receipts and Payments Account

I propose that the vote on the enclosed resolution regarding the Joint Administrator's Remuneration be completed by correspondence. I therefore enclose a Form 2.25B, which is to be completed and returned to this office by noon on 19 July 2011.

If you have any queries please do not hesitate to contact this office.

Yours faithfully
for and on behalf of
Ash Associates Communications Limited


Gary Corbett
Joint Administrator



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

**ASH ASSOCIATES COMMUNICATIONS LIMITED -
IN ADMINISTRATION**

Statement to Creditors pursuant to
Paragraph 49 of Schedule B1 of the
Insolvency Act 1986

28 June 2011

Milner Boardman and Partners
The Old Bank
187A Ashley Road
Hale
Cheshire
WA15 9SQ

*High Court of Justice Chancery Division, Manchester District
Registry
No 850 OF 2011*

Our Ref DTB/AJ/1944/7



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ASH ASSOCIATES COMMUNICATIONS LIMITED

Registered Number: 03356834

**Registered Office: Milner Boardman & Partners, The Old Bank, 187A Ashley Road,
Hale, Cheshire, WA15 9SQ**

Formerly: 13-15 John Adam Street, London WC2N 6LU

1. Introduction

- 1 1 At the request of Mrs Susan Ash, a director of the above, Colin Burke and Gary Corbett of Milner Boardman & Partners, The Old Bank, 187A Ashley Road, Hale were appointed Joint Administrators of the Company on 11 May 2011 in the High Court of Justice, Chancery Division, Manchester District Registry. The court reference number is 850 of 2011.
- 1 2 Key Statutory Information is summarised in Appendix 1 which includes details of the Company's directors, secretary and any shareholdings.
- 1 3 This report is for the attention of the creditors of Ash Associates Communications Limited and details the Joint Administrators' proposals.
- 1 4 In accordance with Paragraph 51 of Schedule B1 of The Insolvency Act 1986 these proposals are to be considered at the Initial Creditors Meeting to be held by correspondence. A notice of the Meeting of Creditors is enclosed. The closing date for returning voting forms is **12 noon on 19 July 2011.**
- 1 5 Creditors are able to vote to approve the proposals with or without modifications subject to the Joint Administrators' agreement. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court of Justice, Manchester District Registry confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it sees fit.
- 1 6 If the Joint Administrators' proposals are agreed the Joint Administrators will continue to control the business of the Company to the extent that it has not been transferred. The Joint Administrators will at a later date arrange for the Company to exit from the Administration as per the approved proposals.



- 1 7 It is considered that the EC Regulation on Insolvency Proceedings applies to these proceedings, which are main proceedings as defined in Article 3 of the EC Regulations

2. Company History

- 2 1 The company was incorporated on 21 April 1997 and commenced to trade immediately. Prior to incorporation the business had been trading as a sole tradership from 1993 under the name Ash Communications. Its principal business was that of public relations and marketing consultancy.
- 2 2 The company was set up managed by Mrs Susan Ash, however, in November 1999, Lynda Heath joined the board and in July 2004 Carys Thomas Ampofo was also appointed as a director.
- 2 3 In addition to the directors, the company employed approximately 15 staff which had increased since the business had started with just one member, being Susan Ash. This number had decreased to six by the time the company ceased to trade.
- 2 4 The company initially traded from leasehold premises at 112 Saint Martins Lane, London, however at the time the company ceased to trade the company was trading from Ingram House, 13-15 John Adam Street, London.
- 2 5 Accounts filed for the year ending 31 March 2010 record a turnover of £813,565 resulting in a pre tax profit of £34,409. The previous year's accounts for the year ending 31 March 2009 record a turnover of £866,599 resulting in a pre tax loss of £55,174.
- 2 6 Finance for the company was assisted by way of an overdraft facility with National Westminster Bank in the sum of £25,000. Any bank borrowings were secured by way of personal guarantees from the directors. At the time the company ceased to trade the bank account was in credit in the sum of £39,922. When the business commenced, Sue Ash loaned the company personal funds in order to purchase equipment. Additionally, the directors did not take full salaries and paid company expenses personally during the downturn in trade to assist the company's financial position. At the date of the Administration the directors were owed



approximately £66,703, being Sue Ash £37,703, Lynda Heath approximately £20,000 and Carys Thomas Ampofo approximately £9000

3. Steps Leading to the Joint Administrators' Appointment

- 3 1 The company had been trading profitably for some time and the directors were hopeful that this would continue to be the case
- 3 2 Since the global downturn from 2008/09 onwards, the company has weathered significant bad debts totalling around £300,000 which obviously had a serious negative impact on its profitability and cashflow
- 3 3 The continuing downturn in the property market, which had previously been a strong contributor to the business, meant that revenue remained lower than in previous years, an estimated one third of its previous total
- 3 4 Additionally, the health care division of the business failed to win new business to replace the reduction in spending from the major client. It was confirmed in Feb/March 2011 that there was going to be no further PR fee for the new fiscal year.
- 3 5 Given the historical debt and the problems experienced above, the company had started to experience cash flow problems and to come under pressure from its creditors. The directors realised that, without any further personal investment, the company could not continue to trade
- 3 7 The directors took professional advice and it was agreed that the company was insolvent and that immediate action needed to be taken. Various insolvency procedures were considered, however at a board meeting held on 10 May 2011 the directors decided to appoint Administrators. The Notice to Appoint Administrators was filed in court on the 11 May 2011 appointing Colin Burke and Gary Corbett as Joint Administrators
- 3 6 At the date of Administration, it was estimated that £80,000 was owed to unsecured creditors, including HM Revenue & Customs in respect of PAYE/NIC/VAT/ ("HMRC"), trade and expense creditors and landlord

4. Purpose of Administration

- 4 1 The statutory purpose of an administration consists of three objectives as laid down in paragraph 3(1) schedule B1 of the Insolvency Act 1986
- a) Rescue of the company as a going concern,
 - b) Achieve 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), and
 - c) To realise property in order to make a distribution to one or more secured or preferential creditors
- 4 2 We do not consider there was any prospect of achieving the rescue of the company itself as a going concern (purpose a) However, there is potentially a prospect of a financial return to unsecured creditors, thereby achieving purpose b
- 4 3 The company had ceased to trade prior to the appointment of the Joint Administrators on 1 May 2011 Mindful of the need to ensure continuity of service to certain key customers and to preserve the collectability of the significant debtor books, a licence to trade was granted on this date by the company to Ash Heath PR & Marketing Limited, an associated company
- 4 4 As there is a real prospect of a financial return to unsecured creditors, following the realisation of all assets, the strategy adopted is likely to achieve purpose 4 1 (b) above

5. Progress of Administration

Administrators Strategy

- 5 1 1 After reviewing the financial information and holding discussions with the director and shareholders, it was agreed that the Administrators' strategy



would be to try and achieve a sale of the business and assets of the company

- 5.1.2 As stated above, the company had ceased to trade and had granted a licence to an associated company Ash Heath PR & Marketing Limited. The granting of a licence facilitated the ongoing trade of the business and payment of ongoing overheads (including employee wages).
- 5.1.3 Upon appointment, the Administrator instructed independent agents, Philip Davies & Sons, based in London, to prepare a valuation in respect of the assets belonging to the company, which comprised of office furniture and equipment, goodwill and work in progress.
- 5.1.4 The company's current account with National Westminster Bank Plc was frozen immediately upon the Joint Administrators' appointment. The credit balance of approximately £39,992.02 has not yet been received although National Westminster Bank have confirmed that the funds will shortly be forwarded to the Joint Administrators.
- 5.1.5 In addition, the director is continuing to assist with the collection of the outstanding book debts.

Sale of the Business

- 5.2.1 A sale of the business and assets has recently been agreed. An offer has been accepted, upon agent's advice, from Ash Heath PR & Marketing Limited in the sum of £5000, broken down as follows:

| | |
|-------------------------|--------------|
| Tangible assets | £1500 |
| Work in progress | £3000 |
| Goodwill | £500 |

- 5.2.2 The sale completed on 17 June 2011 with deferred payment terms agreed. An initial payment of £3000 was to be received by 21 June 2011, the balance to be paid by two equal payments each of £1000 on, or before, 21 July and 22 August 2011.



- 5 2 3 The sake will ensure customers receive uninterrupted service, which should help to preserve the debtors ledgers (the company's primary asset)

Employees

- 5 3 1 The company employed approximately 6 staff. The staff were transferred to Ash Heath PR & Marketing Limited thus avoiding any preferential or unsecured claims from employees.

Debtors

- 5 4 1 At the date of appointment approximately £198,258 was shown as outstanding on the debtors' ledger with an estimate of approximately £84,000 being bad debts. The book debts are being pursued with the assistance of the former director.

Secured Creditors

- 5 5 1 According to Companies House, there is one charge registered against the company, namely a rent deposit deed dated 16 December 2009 and registered on 31 December 2009.

Preferential Creditors

- 5 6 1 There are no preferential creditor claims expected in this case as all the employees have been transferred as stated above.

Unsecured Creditors

- 5 7 1 The Joint Administrators anticipate a dividend being payable to unsecured creditors in this case, however the amount distributed is dependent on book debt realisations.



- 5 7 2 In accordance with Paragraph 176 (A) of the Insolvency Act 1986, the Joint Administrators are required to set aside a prescribed part of the Company's net property for the benefit of unsecured creditors that would otherwise be available to the secured floating charge holder
- 5 7 3 The charge registered against the company is not a floating charge and therefore the prescribed part is not relevant
- 5 7 4 I am unable to advise on the quantum of any dividend until book debt collections have been completed but will report on this matter in my subsequent progress reports
- 5.7.5 Total unsecured creditors are estimated by the director to be £146,000 including HMRC claims and monies owed to the directors. Additionally, there could be a contingent liability on the property lease which has yet to be quantified

Statutory/ Other Actions Taken

- 5 8 1 All statutory formalities were completed, with the appropriate filings made at Companies House and The High Court. The Appointment of Administrators was also advertised in the London Gazette
- 5 8 2 All creditors were duly notified of the Appointment of the Joint Administrators as soon as possible
- 5 8 3 Arrangements were made with the respective finance companies to liaise with Ash Heath PR & Marketing Limited with regard to their intentions for the underlying assets going forward
- 5 8 4 We have continued to liaise with creditors regarding their claims
- 5 8 5 The Company's books and records have been requested from the director, and some have been received with the remaining to be received shortly

6 Receipts and Payments Account

- 6 1 A Receipts and Payments Account for the period of Administration to 11 May 2011 to 28 June 2011 is attached to Appendix 2.

Receipts

- 6 2 To date, no funds have been received. Philip Davies & Sons are currently holding funds of £3000 in respect of the sale of certain assets detailed above

Payments

- 6 3 No payments have been made to date

7 Statement of Affairs

- 7 1 At the date of this report, a Statement of Affairs as at the date of Administration is awaited from the director. This is expected to be received shortly. In the meantime we attach, at Appendix 3, a draft Estimated Statement of Affairs, based upon information extracted from the Company's records
- 7 2 This is for purely illustrative purposes at this stage and may be subject to adjustment in due course. The Estimated Statement of Affairs does not reflect the costs and expenses of Administration

8 Joint Administrators' Time Costs

- 8 1 In accordance with Rule 2.106(1) of the Insolvency Act 1986, the Administrators are entitled to receive remuneration for services in this case. A creditors' guide to fees is attached in Appendix 4 of this report
- 8 2 Remuneration must be fixed either as a percentage of the value of the property with which we are dealing or, alternatively by reference to the time properly spent by the Administrators and our staff in dealing with this Administration



- 8.3 I will propose to the secured creditor that our remuneration be calculated in accordance with time spent in dealing with this case. Milner Boardman & Partners time costs up to 28 June 2011 are approximately £19,975. A full analysis of the Joint Administrators' costs to date is attached as Appendix 4 to this report.
- 8.4 The Joint Administrators pre-appointment time costs total £221.25 which remain unpaid. The Joint Administrators will seek approval from the unsecured creditors in due course regarding approval to draw these as fees accordingly.
- 8.4 In the event a Creditors Committee is formed, it will be for that committee to determine the basis of remuneration.

9. Ending the Administration

- 9.1 The Joint Administrators may use any or a combination of the "exit route" strategies in Paragraphs 76 to 80 and 83 to 84 of Schedule B1 of the Insolvency Act 1986 in order to bring the Administration to an end. In this particular instance it is the Joint Administrators' proposal that, following realisation of all the assets, that the company be placed into creditor's voluntary liquidation. Pursuant to paragraph 83(7) of schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) it is proposed that Colin Burke and Gary Corbett take the appointment as Joint Liquidators. **Creditors may nominate different persons to be appointed provided that such nominations are received before these proposals are approved.**

However, if I do not consider that the company will have sufficient assets to enable any distribution to the unsecured creditors, then I propose dissolution pursuant to paragraph 84 of schedule B1 to the Insolvency Act 1986.



10. Administrators' Proposals

10.1 The Joint Administrators make the following proposals for achieving the purpose of Administration -

- To continue to do all such things in a reasonably expedient manner and generally exercise all their powers as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company,
- The Joint Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or the Insolvency Act 1986,
- In the event that no Creditors Committee is formed, the Joint Administrators be authorised to draw on fees on account from the assets of the Company from time to time during the period of the Administration, based on the time properly by Milner Boardman and Partners. Time costs incurred by the Joint Administrators are to reflect the complexity of the assignment. Also, that the Joint Administrators be authorised to draw disbursements from time to time,
- To seek an extension to the administration periods if deemed necessary by the Joint Administrators,
- The Joint Administrators may use any or a combination of the "exit route" strategies in Paragraphs 76 to 80 and 83 to 84 of Schedule B1 of the IA86 in order to bring the Administration to an end. In this particular instance it is the Joint Administrators' proposal that, following realisation of all the assets, that the company be placed into Creditors Voluntary Liquidation in order to distribute the funds and that Colin Burke and Gary Corbett be appointed Joint Liquidators in order to distribute to creditors. However, if I do not consider that the company will have sufficient assets to enable any distribution to the unsecured creditors, then I propose dissolution pursuant to paragraph 84 of schedule B1 to the Insolvency Act 1986.



- That the Joint Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986, upon filing of the final Receipts and Payments account in accordance with Rule 2.110 of the Insolvency Rules 1986, immediately after the cessation of their appointment

11. Conclusion

- 11.1 This concludes the Joint Administrator's Proposals. Should any creditor require further information or have any queries, please contact this office on 0161 927 7788

Yours Faithfully
For and on behalf of
Ash Associates Communications Limited



Gary Corbett

PP Joint Administrator



APPENDIX 1

Statutory Information

Administration Appointment

| | |
|------------------------------------|--|
| Court in which proceedings brought | High Court of Justice Chancery Division Manchester District Registry Crown Square Manchester M3 3FL |
| Court Reference Number. | 850 of 2011 |
| Name(s) of Joint Administrators | Darren Brookes Milner Boardman & Partners The Old Bank 187A Ashley Road Cheshire WA15 9SQ Gary Corbett Milner Boardman & Partners The Old Bank 187A Ashley Road Cheshire WA15 9SQ |
| Date of Appointment | 11 May 2011 |
| Appointer: | The director |



Company Information

| | |
|-----------------------------------|---|
| Date of Incorporation | 21 April 1997 |
| Company Registration Number | 03356834 |
| Nature of Business | Advertising |
| Present Registered Office | The Old Bank, 187a Ashley Road, Hale WA15 9SQ |
| Previous Registered Office | Ingram House, 13-15 John Adam Street, London WC2N 6LU |
| Trading Addresses | As above |
| Issued Share Capital | 3 ordinary shares at £1 each |
| Registered Shareholders | Susan Ash (1) Lynda Heath (1) Carys Thomas Ampofo (1) |
| Directors (ordinary shareholding) | Susan Ash (1) Lynda Heath (1) Carys Thomas Ampofo (1) |
| Company Secretary | Peter Silver |
| Employees | 6 |



APPENDIX 2

Receipts and Payments Account

Ash Associates Communications Ltd
(In Administration)

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

| | Statement of affairs £ | From 11/05/2011 To 28/06/2011 £ | From 11/05/2011 To 28/06/2011 £ |
|-------------------------------|------------------------------|---------------------------------------|---------------------------------------|
| RECEIPTS | | | |
| Book Debts | 114,000 00 | 0 00 | 0 00 |
| Cash at Bank | 39,992 00 | 0 00 | 0 00 |
| Goodwill | 500 00 | 0 00 | 0 00 |
| Tangible assets | 1,500 00 | 0 00 | 0 00 |
| Work in progress | 3,000 00 | 0 00 | 0 00 |
| | | <u>0 00</u> | <u>0 00</u> |
| PAYMENTS | | | |
| | | <u>0 00</u> | <u>0 00</u> |
| BALANCE - 28 June 2011 | | | <u><u>0.00</u></u> |

Colin Thomas Burke
Joint Administrator



APPENDIX 3

Statement of Affairs/ Estimated Statement of Affairs

ASH ASSOCIATES COMMUNICATIONS LIMITED
Estimated Statement of Affairs as at 23 DECEMBER 2010

A - Summary of Assets

| Assets | Book Value £ | Estimated to Realise £ |
|---|-----------------------------|---------------------------------------|
| Assets subject to fixed charge - | | |
| N/A | | - |
| Assets subject to floating charge - | | |
| N/A | | - |
| Uncharged Assets - | | |
| Cash at Bank | 39,990 | 39,990 |
| Book Debts | 198,258 | 114,000 |
| Goodwill | 500 | 500 |
| Work in progress | 3,000 | 3,000 |
| Tangible assets | 1,500 | 1,500 |
| Estimated Total Assets Available For Preferential Creditors | 243,248 | 158,990 |

ASH ASSOCIATES COMMUNICATIONS LIMITED
Estimated Statement of Affairs as at 11 MAY 2011

A1 - Summary of Liabilities

| | £ | Estimated to Realise £ |
|--|--------|------------------------------|
| Estimated total assets available for preferential creditors (carried forward from page A) | | 158,990 |
| Preferential Liabilities | | |
| Wages/Holiday Pay | | |
| Estimated Surplus/(Deficiency) As Regards Preferential Creditors | | 158,990 |
| Estimated prescribed part of net property where applicable (to carry forward) | | - |
| Estimated Total Assets Available For Floating Charge Holders | | 158,990 |
| N/A | | |
| Estimated Surplus/(Deficiency) Of Assets After Floating Charges | | 158,990 |
| Estimated prescribed part of net property where applicable (brought down) | | - |
| Total available to unsecured creditors | | 158,990 |
| Unsecured Non Preferential Claims | | |
| Directors | 66,703 | |
| HM Revenue & Customs - VAT | 8,070 | |
| HM Revenue & Customs - PAYE | 17,792 | |
| Trade and Expense | 54,041 | |
| | | 146,606 |
| Estimated Surplus/(Deficiency) As Regards Creditors | | 12,384 |
| Issued and Called Up Capital | | |
| Ordinary Shares | 3 | |
| | | 3 |
| Total Surplus/Deficiency as Regards Members | | 12,381 |

Prescribed part
50% of 1st 10,000, 20% of balance

Milner Boardman & Partners
Ash Associates Communications Ltd
B - Company Creditors

| Key | Name | Address | £ |
|-----------------------------|------------------------------------|---|------------------|
| CA00 | Argent | 32 Cranfield House, 97 -107 Southampton Row, London, WC1B 4HH | 1,500 00 |
| CB00 | Bonnie & Betty | County House, 221-241, Beckenham Road, Beckenham, Kent, BR2 4UF | 691 60 |
| CC00 | CLSH Management Ltd | 86 Bondway, London, SW8 1SF | 6,404 77 |
| CC01 | Command D Limited | 1279 London Road, Leigh on Sea, Essex, SS9 2AD | 9,360 00 |
| CC02 | City of Westminster | Westminster City Council, Business Rates, PO Box 187, Erith, DA8 9EY | 0 00 |
| CD00 | Divine Water Company Ltd | 1 Sybron Way, Millbrook Business Park, Crowborough, East Sussex, N6 3DZ | 183 60 |
| CE00 | Elite Office Cleaning Services Ltd | 98 Court Road, Orpington, Kent, BR6 0PZ | 1,192 80 |
| CH00 | HMRC - PAYE | | 17,792 90 |
| CH01 | HMRC VAT | | 8,070 00 |
| CL00 | Limelight Management | 33 Newman Street, London, W1T 1PY | 2,560 40 |
| CL01 | Lionsden Communications Ltd | 3 Barons Gate, 33-35 Rothchild Road, London, W4 5HT | 12,023 55 |
| CN00 | Natwest Autopay Processing Centre | PO Box 304, Rotherham, S66 6AD | 12 00 |
| CO00 | O2 | | 102 60 |
| CP00 | PM Group Worldwide Ltd | Vincent House, Vincent Lane, Dorking, Surrey, RH4 3JD | 2,713 77 |
| CP01 | PR Newswire Europe Ltd | | 16,642 17 |
| CS00 | 72 Point Ltd | Media Centre, Emma Chris Way, Abbeywood Park, Filton, Bristol, BS34 7JU | 653 75 |
| 16 Entries Totalling | | | 79,903.91 |

Signature _____



APPENDIX 4

**Creditors' Guide to Administrators' Fees and Breakdown of Administrators'
Time Costs as at 28 June 2011**

Milner Boardman & Partners

TIME & CHARGEOUT SUMMARIES

Ash Associates Communications Limited

HOURS

| Classification Of work Function | Partner | Manager | Other Senior Professional | Assistants & Support Staff | Total Hours | Time Cost £ | Average Hourly Rate,£ |
|------------------------------------|-----------|----------|------------------------------|-------------------------------|-------------|----------------|--------------------------|
| Administration & Planning | 18 25 | 28 25 | 0 00 | 0 00 | 46 50 | 12,151 25 | 261 32 |
| Investigations | 2 00 | 0 00 | 0 00 | 0 00 | 2 00 | 740 00 | 370 00 |
| Realisation of Assets | 16 50 | 0 00 | 0 00 | 0 25 | 16 75 | 5,511 25 | 329 03 |
| Creditors | 4 25 | 0 00 | 0 00 | 0 00 | 4 25 | 1,572 50 | 370 00 |
| Trading | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| Total Fees Claimed £ | 13,857 50 | 6,073 75 | 0 00 | 43 75 | | 19,975 00 | |
| Total Hours | 41 00 | 28 25 | 0 00 | 0 25 | 69 50 | | |
| Average Rate | 337 99 | 215 00 | 0 00 | 175 00 | | | |

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

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 remuneration

- 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

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

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters



STATEMENT OF INSOLVENCY PRACTICE 9 (E & W)

- 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 (and provided the circumstances described in paragraph 4 3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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 Review of remuneration

5 1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval

6 Approval of pre-administration costs

6 1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals

6 2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in

paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration

- 6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination

7 What information should be provided by the administrator?

7.1 When seeking remuneration approval

- 7.1.1 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

- 7.1.2 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

- 7.1.3 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



STATEMENT OF INSOLVENCY PRACTICE 9 (E & W)

- 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

- 7.1.4 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

7.2 After remuneration 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 (see further paragraph 8.1 below). 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 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. 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.

8 Progress reports and requests for further information

- 8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include
- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
 - if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
 - if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
 - a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,

- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8 3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9 Provision of information – additional requirements

The administrator 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 vacating of office.

10 What if a creditor is dissatisfied?

10 1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10 2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8 1 above). 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.

10 3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.



STATEMENT OF INSOLVENCY PRACTICE 9 (E & W)

11 What if the administrator is dissatisfied?

- 11 1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. 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.

12 Other matters relating to remuneration

- 12 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.
- 12 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.
- 12 3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 12 4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13 Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date

MILNER BOARDMAN & PARTNERS – INFORMATION SHEET FOR CREDITORS

What if a creditor is dissatisfied with administration remuneration?

If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court

Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported. 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.

If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

Creditors rights to information on the administration remuneration and expenses

Within 21 days of receipt of this progress report a creditor may request that the Joint Administrators provide further information about the remuneration and expenses set out in the report. Any request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

The Joint Administrators must provide the requested information within 14 days, unless they consider that

- The time involved in preparing the information would be excessive, or
- Disclosure would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
- The Joint Administrators are subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days if the Joint Administrators refuse to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

If any creditors have any queries please contact 0161 927 7788



APPENDIX 5

Form 2.20B Notice of Meeting of Creditors

Rule 2.35

Notice of a meeting of Creditors

| |
|---------------------------------------|
| Name of Company |
| Ash Associates Communications Limited |

| |
|----------------|
| Company number |
| 03356834 |

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

| |
|-------------------|
| Court case number |
| 850 of 2011 |

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

Notice is hereby given by (a)
Gary John Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

Colin Burke
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

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

that a meeting of creditors of (b)
Ash Associates Communications Limited
The Old Bank
187a Ashley Road
Hale
Cheshire, WA15 9SQ

(c) Insert details of place
of meeting

is to be held at (c)

(c) By correspondence pursuant to paragraph 58 of Schedule B1 of the Insolvency Act 1986 and Rule 2.48 of the Insolvency Rules 1986

(d) Insert date and time
of meeting

on (d) Closing date specified in Form 2.25B
12 00 noon on 19 July 2011

The meeting is

*Delete as applicable

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

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you 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

PP

Joint / Administrator(s)

Dated

28/6/11

*Delete as applicable

A copy of the *proposals/ revised proposals is attached



APPENDIX 6

Proof of Debt Form and Form 2.25B Voting Form

Rule 2.48

Notice of conduct of business by correspondence

| | |
|---|----------------------------------|
| Name of Company Ash Associates Communications Limited | Company number 03356834 |
| In the High Court of Justice Chancery Division Manchester District Registry (full name of court) | Court case number 850 of 2011 |

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

Notice is hereby given by (a)
Colin Burke and Gary Corbett of
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

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

to the creditors of (b) Ash Associates Communications Limited, The Old Bank, 187a Ashley Road, Hale, Cheshire, WA15 9SQ

(c) Insert number of
resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is (c) 3 resolutions for your consideration Please indicate below whether you are in favour or against each resolution

(d) Insert address to
which form is to be
delivered

This form must be received at (d)
Milner Boardman & Partners
The Old Bank 187a Ashley Road
Hale Cheshire
WA15 9SQ

(e) Insert closing date

by 12 00 hours on (e) 19 July 2011 in order to be counted
It must be accompanied by details in writing of your claim Failure to do so
will lead to your vote(s) being disregarded

Repeat as necessary for
the number of resolutions
attached
*Delete as appropriate

| | |
|----------------|--------------------------|
| Resolution (1) | I am *in favour/ against |
| Resolution (2) | I am *in favour/ against |
| Resolution (3) | I am *in favour/ against |

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

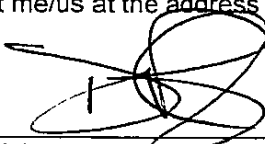
Name of creditor -

Signature of creditor :-

(If signing on behalf of creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your votes, please
contact me/us at the address above

Signed



Joint / Administrator(s)

Dated

28/6/11.

ASH ASSOCIATES COMMUNICATIONS LIMITED

Resolution (Rule 2.106 of the Insolvency Rules 1986)

As Joint Administrator, I propose the following -

- (i) That in the absence of a creditors' committee, the remuneration of the administrator be calculated in accordance with time spent in dealing with this case and the Joint Administrators be entitled to draw remuneration and disbursements in respect of their costs at such time that they deem appropriate after the costs have been incurred
- (ii) That the Joint Administrators pre-appointment time costs can be paid once the final outcome of the case becomes clear
- (iii) For the appointment of .
representing . as a
member of the creditors' committee

Proof of Debt - General Form

7

IN ADMINISTRATION

ASH ASSOCIATES COMMUNICATIONS LIMITED

Date of Administration Order 11 05 11 No 850 OF 2011

| | | |
|---|--|--|
| 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 Administration order | £ |
| 4 | Details of any documents by reference to which the debt can be substantiated [Note the Joint Administrators 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 | 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) | <p>Category</p> <p>Amount(s) claimed as preferential £</p> |
| 7 | Particulars of how and when debt incurred | |
| 8 | Particulars of any security held, the value of the security, and the date it was given | |
| 9 | 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

Admitted preferentially for

£

Date

Admitted non-preferentially for

£

Date