

The Insolvency Act 1986

Administrators' progress report

Name of Company Absolute Leisure Limited	Company number 3770523
In the Newcastle upon Tyne District Registry of the High Court	Court case number 1487 of 2009

(a) Insert full name(s) and
address(es) of the
administrator(s)We (a) Andrew David Haslam and Gerald Maurice Krasner of Begbies Traynor (Central) LLP, 2
Collingwood Street, Newcastle Upon Tyne, NE1 1JF

Joint Administrators of the above Company attach a progress report for the period

From / to

(b) Insert dates

(b) 8 November 2010

(b) 7 May 2011

Signed

Joint Administrators

Dated

6 June 2011

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.

Begbies Traynor (Central) LLP

2 Collingwood Street, Newcastle upon Tyne NE1 1JF,

Tel Number 0191 2699820

Fax Number 0191 2699821

DX Number

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



A6ZQXUUQ

A52

09/06/2011

93

COMPANIES HOUSE

THURSDAY

Andrew David Haslam and Gerald Maurice Krasner were appointed Joint Administrators on 8 May 2009

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

Absolute Leisure Limited (In Administration)

Progress report of the Joint Administrators pursuant to Rule 2.47 of The Insolvency Rules 1986

Period: 8 November 2010 to 7 May 2011

Contents

- ☐ Interpretation
- ☐ Statutory Information
- ☐ Details of Appointment of Administrators
- ☐ Progress During the Period
- ☐ Administrators' Remuneration and Category 2 Disbursements
- ☐ Assets that Remain to be Realised
- ☐ Estimated Outcome for Creditors
- ☐ Other Relevant Information
- ☐ Conclusion
- ☐ Appendices
 - 1 Joint Administrators' Account of Receipts and Payments, Incorporating Estimated Outcome for Creditors
 - 2 Joint Administrators' Time Costs and Expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Absolute Leisure Limited (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 of the Insolvency Act 1986 on 8 May 2009
"the Joint Administrators"	Andrew David Haslam and Gerald Maurice Krasner of Begbies Traynor (Central) LLP, 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF
"the Act"	The Insolvency Act 1986
"the Rules"	The Insolvency Rules 1986
"secured creditor" and "unsecured creditor"	"Secured creditor", in relation to a company, means a creditor of the Company who holds in respect of his debt a security over property of the Company, and "unsecured creditor" is to be read accordingly (Section 248(a), Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security and (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 of the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Absolute Leisure Limited
Trading names	Coco Mos (Newcastle upon Tyne) The Angel Hotel (Whitby)
Date of Incorporation	13 May 1999
Company registered number	03770523
Company registered office	Begbies Traynor (Central) LLP, 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Joint Administrators	Andrew David Haslam and Gerald Maurice Krasner, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF
Date of Administrators' appointment	8 May 2009
Court	Newcastle upon Tyne District Registry of the High Court
Court Case Number	1487 of 2009
Person making appointment / application	Director – Anthony Knox
Acts of the Joint Administrators	The Joint Administrators act as officers of the Court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time.
EC Regulation on Insolvency	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are main proceedings within the meaning of Article 3 of the Regulation.
Extensions of the Administration period	<p>The Administration period was extended with the consent of creditors for a period of six months.</p> <p>The Administration period was then extended with the consent of the Court for a further 12 months.</p> <p>The Administration is due to end on 7 November 2011.</p>

4. PROGRESS DURING THE PERIOD

This section of the report should be read in conjunction with the Proposals circulated to creditors on 30 June 2009, and Progress Reports circulated to creditors on 4 December 2009, 21 May 2010 and 22 November 2010

Attached at Appendix 1 is our abstract of receipts and payments for the period from 8 May 2009 to 7 May 2011

RECEIPTS

Freehold Property – The Angel Hotel, Lengyard, Baxtergate, Whitby, YO21 1DE

On 12 April 2010 AIB (UK) plc "the Bank" who hold a legal mortgage over the freehold property appointed Andrew David Haslam as sole LPA Receiver to realise the property and fixtures and fittings

An offer has been accepted and contracts for the sale have been issued. Completion is delayed pending the resolution of a query at the Land Registry

It is not anticipated that there will be any surplus available to the Company, in Administration, in respect of the property sale, the net proceeds will be due to the Bank

Leasehold Property – Coco Mos, 26 The Side, Tyne House, Newcastle upon Tyne, NE1 3JE

As previously reported a sale of the lease was agreed on 24 August 2009 and sold for a consideration of £60,000.00

Management Fee

As detailed within the Proposals, a management agreement was entered into with the previous management team to operate The Angel Hotel, Lengyard, Baxtergate, Whitby, YO21 1DE whilst a marketing exercise to sell the property was undertaken

To date £9,150 has been received in management fees

Fixtures and Fittings – The Lounge

Following further investigation it appeared that included within the books and records of the Company were fixtures and fittings which had been installed within The Lounge, a bar whose lease was owned by Schemebrave Limited another group company which was formerly in Administration. The ownership of these chattel assets is being disputed and it is unlikely that there will be any funds available from this source

Directors' Loan Accounts and Intercompany Debtors

As previously disclosed the Administrators agreed a full and final settlement figure with the Directors in respect of all potential liabilities at £40,000 which has now been paid in full

Cash in Hand

There was a small amount of cash collected from Coco Mos restaurant

Bank Interest Gross

Bank interest of £21 has been received on the Administration funds

Sundry Income

Income of £239 has been received from vending machines

Funds Introduced by Carlsberg

Carlsberg introduced funds of £14,400 to the Administration in order to assist trading

Sundry Refunds

Refunds have been received for prepaid rates and other prepaid accounts of £12,059

Rates Refund

A rates refund of £6,878 has been received from Newcastle City Council

Investments

The Company has investments in the shares of several subsidiary companies. Investigations indicated that the investments had no value as the subsidiary companies are either dormant or insolvent.

Insurance Claim

A settlement of £16,680 was received in respect of an insurance claim which was made prior to our appointment.

PAYMENTS**LPA Receiver's Fees**

No fees have been drawn by the LPA Receiver to date. The LPA Receiver's fees will be agreed with the Bank following the conclusion of the sale of the freehold property.

Administrators' Remuneration

In line with the resolutions passed at the initial meeting of creditors held on 16 July 2009 the Joint Administrators have drawn £100,000. Further details are provided below at Section 5.

Administrators' Expenses

Expenses of £65 have been incurred by Begbies Traynor (Central) LLP staff, being food costs and a memory stick to download information from the Company's computer system. No further costs will be incurred in this respect.

BT Mileage

Mileage costs of £111 have been incurred by Begbies Traynor (Central) LLP staff travelling to the Company's premises. These are classed as category 2 expenses. No further costs will be incurred in this respect.

BT Travel Costs

Travel costs of £41 have been incurred by Begbies Traynor (Central) LLP staff. It is not anticipated any further costs will be incurred in this respect.

Agent's Fees and Disbursements

Christie & Co have been paid £10,000 in fees for assisting in the marketing and sale of the leasehold, it is anticipated that they will be paid a further £10,000 on the completion of the sale of the freehold premises.

Legal Fees and Disbursements

Dickinson Dees LLP have been paid £29,024 plus disbursements of £6,083 for assisting in the sale of the leasehold, assisting in the negotiations with the Directors to secure a settlement in respect of the loan account and inter company balances and providing general legal advice. Further fees will be discussed on the conclusion of the sale of the Freehold.

Professional Advice Fees

Alexander Forbes Trustee Services have been paid £940 to assist with pension issues.

Rents Paid - Coco Mos, 26 The Side, Tyne House, Newcastle upon Tyne, NE1 3JE

The Landlord agreed to assign the lease of Coco Mos on the basis that the outstanding rent arrears of £5,000 were paid to the Landlord.

Corporation Tax

Corporation Tax of £2 has been paid on the Bank Interest accrued in the first year of this Administration. Following an agreement with HM Revenue & Customs "HMRC" there will be no further Corporation Tax liability on any further bank interest.

Insolvency Practitioners' Bond Premium

As a requirement of the Administration, insurance brokers Willis Limited, were engaged to provide the Insolvency Practitioners' bond. Costs of £528 were incurred and have been discharged in this respect.

Postage Costs

Postage costs of £1,189 have been recharged to the case. These are the postage costs of circulating reports to creditors and the costs of redirecting the mail.

Photocopying Costs

Photocopying costs of £416 have been incurred in copying reports to send to creditors.

Statutory Advertising

Costs of £694 were incurred and discharged for statutory advertising.

Other Property Expenses

A fee of £75 was incurred and discharged for changing the locks at Coco Mos restaurant following appointment.

Bank Charges

Bank charges of £25 have been incurred.

Companies House Search Fees

Companies House Search fees of £6 have been paid.

Oath Fees

Oath Fees of £10 which is the signing of the affidavits have been incurred. No further costs will be incurred in this respect.

5. JOINT ADMINISTRATORS' REMUNERATION & CATEGORY 2 DISBURSEMENTS

As previously reported the Joint Administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the Administration and they are authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied *The Report and Proposals of the Joint Administrators*.

The relevant resolutions were approved at the initial meeting of creditors held on 16 July 2009.

The Joint Administrators' post appointment time costs for the period from 8 May 2009 to 7 May 2011 amount to £158,247 which represents 669.06 hours which equates to an average rate of £236.52 per hour.

The following further information in relation to the Joint Administrators' time costs and disbursements is set out at Appendix 2.

- ☐ SIP 9 Table of time spent and charge-out value for the period 8 May 2009 to 7 May 2011
- ☐ Narrative summary of time costs incurred
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date, the Joint Administrators have drawn the total sum of £100,000 on account.

BT Mileage of £111 which is a Category 2 disbursement has been paid to staff of Begbies Traynor (Central) LLP.

A considerable amount of time has been spent on this assignment undertaking the investigation work which has now concluded.

In addition, due to the confusion surrounding which assets belonged to which group company, further time has been spent identifying which creditors (especially the utility companies and local council creditors) relate to this Company

Due to the nature of the parties involved in the various sales and the numerous issues encountered whilst attempting to sell the assets significant time costs have been incurred in dealing with matters outside our control. These costs have been agreed by the Bank and creditors

6. ASSETS THAT REMAIN TO BE REALISED

Freehold Property – The Angel Hotel, Lengyard, Baxtergate, Whitby, YO21 1DE

An offer has been accepted for the property and contracts have been exchanged with completion delayed due to an ongoing dispute at the Land Registry

AIB (UK) plc "the Bank" holds a legal mortgage over this property

It is expected that Bank will suffer a shortfall when the property is finally sold

7. ESTIMATED OUTCOME FOR CREDITORS

Secured Creditor

AIB (UK) plc "the Bank" holds a legal mortgage over the freehold property. It is expected that the Bank will suffer a shortfall when the property is finally sold

Preferential Creditors

The claims from employees in respect of arrears of pay and holiday pay are preferential

The Joint Administrators have received a preferential claim of £26,168 from Department for Business, Innovation and Skills "DBIS"

There are no funds available for the preferential creditors

Prescribed Part Fund for the Non Preferential Creditors

There is no application of the Prescribed Part (S 176A of the Insolvency Act 1986) in this case as there is no floating charge debenture

Unsecured Non Preferential Creditors

The Joint Administrators have received claims from some creditors, a number of creditors have so far failed to lodge claims presumably due to the initial lack of dividend prospects

HM Revenue & Customs "HMRC" have yet to submit a final claim for VAT following the completion of the outstanding pre Administration VAT returns, a provisional claim has been received for £65,298

The Form P35 has been completed for 2008-9 and a provisional claim had been received for £204,814 however, the Joint Administrators still await a final claim from HMRC

HMRC appear to have a claim for Corporation Tax, again a provisional claim has been received for £3,545

The DBIS non preferential claims for employee entitlements for notice pay and redundancy pay is £79,696

8. OTHER RELEVANT INFORMATION

The Administration period has been extended with the consent of the Court for a further 12 months to allow the sale of the Property to conclude and the purpose of the Administration to be achieved

The Administration will now end on 7 November 2011

9. CONCLUSION

As soon as the objective of the Administration has been achieved, being to realise property in order to make a distribution to one or more secured or preferential creditors, the Joint Administrators will file the required notice with the Registrar of Companies and their appointments of Administrators will cease to have effect and at the end of three months the Company will automatically be dissolved

A handwritten signature in black ink, appearing to read 'Andrew D Haslam', with a small mark to the left.

Andrew D Haslam
Joint Administrator

Dated 6 June 2011

APPENDIX 1

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period: 8 May 2009 to 7 May 2011

Estimated to realise per Statement of Affairs £		Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
	ASSETS SPECIFICALLY PLEDGED			
2 400 000	Freehold Property - The Angel subject to LPA Receiver	0	Unknown	0
	Payments			
	LPA Receiver's Fees	0	(30,000)	(30 000)
	Legal Fees	0	(30 000)	(30,000)
	Property Maintenance	(274)	0	(274)
	Agent's Fees	0	(10 000)	(10 000)
	Available to Fixed Chargeholder	(274)	(70 000)	(70 274)
(2,400 000)	Fixed Chargeholder - Allied Irish Bank plc	0	(2,300,000)	(2 300 000)
0	Deficit c/d	(274)	(2 370,000)	(2,370,274)
	ASSETS NOT SPECIFICALLY PLEDGED			
524,000	Leasehold Property - Coco Mo's	60 000	0	60 000
	Management Fee	9 150	Unknown	9 150
	Directors' Loan Account	10 000	0	10 000
	Inter Company Balances	30 000	0	30 000
	Cash in Hand	272	0	272
	Bank Interest	20	5	25
	Sundry Income	239	0	239
	Funds introduced by Carlsberg	14 400	0	14 400
	Sundry Refunds	13,676	0	13 676
	Rates Refund	6,878	0	6,878
	Insurance Claim	16 680	0	16 680
524 000		161,315	5	161,320
	Payments			
	Administrators' Remuneration	(100 000)	(5 000)	(105 000)
	Administrators' Disbursements	(65)	0	(65)
	BT Mileage	(111)	0	(111)
	BT Staff Travel Costs	(41)	0	(41)
	Agent's Fees & Expenses	(10 000)	0	(10,000)
	Legal Fees	(29 024)	(5 000)	(34 024)
	Legal Disbursements	(6 083)	0	(6,083)
	Professional Advice Fees	(940)	0	(940)
	Rents Paid	(5,000)	0	(5 000)
	Corporation Tax	(2)	0	(2)
	Specific Bond	(528)	0	(528)
	Stationery & Postage	(1,189)	(500)	(1,689)
	Photo copying	(416)	(500)	(916)
	Statutory Advertising	(694)	(500)	(1 194)
	Other Property Expenses	(75)	0	(75)
	Bank Charges	(25)	(10)	(35)
	Company Search Fees	(6)	0	(6)
	Oath Fees	(10)	0	(10)
	Other	0	(5 000)	(5,000)
		(154 209)	(16 510)	(170 719)
	Available for preferential creditors			0
	Arrears of wages and holiday pay	0	0	(26 168)
	Surplus available for creditors	0	0	0

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a SIP 9 table of time spent and charge-out value,
- b Narrative summary of time costs incurred,
- c Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements and
- d Begbies Traynor (Central) LLP's charge-out rates

Absolute Leisure Limited - In Administration
Time costs analysis for the period from 8 May 2009 to 7 May 2011

100 000

BEGBIES TRAYNOR (CENTRAL) LLP - NARRATIVE SUMMARY OF TIME COSTS

NEWCASTLE UPON TYNE/TEESSIDE OFFICES

CORPORATE APPOINTMENTS

The narrative below refers to the time cost grid provided to creditors in compliance with Statement of Insolvency Practice SIP 9 and summarises the detailed time records maintained by Begbies Traynor (Central) LLP, more detail of time spent with time recorded over 28 separate headings is available on request

Some of the detail may not be appropriate to this particular insolvency appointment

ADMINISTRATION AND BANKING

Appointment and Case Planning - initial notifications of appointment to creditors, statutory notices, statutory adverts etc after appointment All correspondence with Companies House and the Court Any necessary consideration of validity of appointment All work relating to obtaining and maintaining the IP bond

Administration and Banking - general administration not covered within a specific time code Bank reconciliations, general case banking, fee calculation, SIP 9 grids and WIP

All closing matters and any post closure work

Statutory Reporting and Statement of Affairs - all reports and returns not under another specific time coding Case reviews, consideration of strategy File notes, planning meetings, internal meetings for case discussion and file reviews

Preparation and review of receipts and payments accounts

Contact with Directors re preparation/submission of Statement of Affairs

INVESTIGATIONS

CDDA and Investigations - drafting and submission of CDDA reports/returns to DBIS and any necessary follow up work in relation to Directors (Includes any travel specifically for CDDA proceedings)

All general investigation work other than that specifically required for CDDA reporting and proceedings – e.g investigations to identify antecedent transactions, preferences, transactions at undervalues, misfeasance's, director overdrawn loan accounts etc

REALISATION OF ASSETS

Debt Collection - preparation of, and review of, the schedule of book debts, all work and correspondence to collect book debts (but not 'Trading' debts) and other debts such as claims, refunds etc, investigating likelihood of recovery and write offs, all contact with debtors, instruction of solicitors, negotiation of any commercial settlements

Property, Business and Asset Sales - all steps to be taken to preserve and realise fixed charge assets and floating charge assets (other than book debts) including stock, WIP, plant and equipment, computers, office furniture and equipment and motor vehicles

Negotiations and steps pre and post completion relating directly to sale of business/assets

Sale of any intangible assets eg IPR, copyrights, patents

Retention of Title/Third Party Assets - general enquires, stock-taking, agreeing claims and correspondence with ROT creditors

Dealing with hire purchase, lease purchase, lease, rental and hire creditors etc

Dealing with landlords, surrenders and disclaimers of leases

TRADING (if appropriate)

Trading - Trading strategy meetings, site attendance, dealing with customers/suppliers and dealing with accounts, collection of trading debts and including employee issues arising during trading but not redundancy

Preparation of trading facts and figures, all necessary accounting, dealing with VAT, PAYE etc for the trading period Management and control of the trading, reporting to funders, banks and other third parties

CREDITORS

Secured - establishing validity and scope of security, all correspondence and work associated with distribution to secured creditors Communications with and reporting to secured creditors

Others - correspondence, e-mails, phone calls with preferential and non preferential unsecured creditors (including dealing with enquiries from parties who claim to be creditors) and with members

Acknowledgement and recording of creditor claims Adjudication of the claims as appropriate

Redundancy, employee claims and correspondence (other than employee issues arising as part of trading), DBIS RPO correspondence

Creditors Committee - meetings, reports to and dealings with creditors committee / liquidation committee, if appointed

OTHER MATTERS

Meetings - all meetings, including statutory meetings, following appointment other than creditors committee / liquidation committee meetings, other meetings (excluding those specifically part of investigations or CDDA reporting/proceedings) and internal case strategy meetings

Tax - all statutory returns, VAT returns, CT returns, P35 PAYE returns, all calculations, disputes, enquiries and inspections

Litigation– all work relating to legal proceedings (following issue of proceedings)

Other - all work involving pension issues

Travel to businesses, meetings, Courts, Directors, shareholders and in respect of trading insolvencies (Excludes any travel specifically for CDDA proceedings)

Begbies Traynor (Central) LLP, Newcastle upon Tyne and Teesside.

BEGBIES TRAYNOR (CENTRAL) LLP

DISBURSEMENTS AND EXPENSES POLICY AND CHARGE OUT RATES

NEWCASTLE UPON TYNE AND TEESSIDE OFFICES

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis.

Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

Where the office holder's remuneration is proposed to be fixed on an additional or alternative basis, sufficient information will be provided to creditors in order to allow them to consider whether to approve the proposed basis or bases of the office holder's remuneration.

Following approval further information will be provided to creditors regarding the office holder's fees as required by the legislation and best practice guidance.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest.

Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate.

He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level.

There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded, in 6 minute units, at the individual's hourly rate in force at that time, the hourly rates applicable to this case are detailed below.

This is of course only applicable to those cases where the office holder is remunerated on a time cost basis, rather than the additional or alternative bases explained in SIP9.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories.

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 6 April 2010)

² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 6 April 2010)

- *Category 1 disbursements (where creditor approval is not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. Such expenditure may include Court fees, filing fees, company search fees, ML Regulation ID fees, oath fees, redirection of mail, external storage of books and records, external printing copying and stationary, postages, etc as well as legal fees, property agent fees, security, valuer fees, auctioneer and agent fees, utility costs etc. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (where creditor approval is required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

The following items of expenditure may be charged to the case (subject to creditor approval)

- Internal meeting room usage for the purpose of statutory meetings is charged at the rate of £100 per meeting. The Newcastle upon Tyne and Teesside offices do not at this time make any such charge to the insolvent estate for internal meeting room usage.
 - Car mileage is charged at the rate of 40 pence per mile.
 - Storage of books and records (when not chargeable as a *Category 1 expense*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates. The Newcastle upon Tyne and Teesside offices do not at this time make any such charge to the insolvent estate for the internal storage of books and records.
- *Expenses which should be treated as Category 2 disbursements (creditor approval is required)*

In addition to the 2 Categories referred to above best practice guidance indicates that where payments are made or are to be made to outside parties in which the office holder or his firm or any associate has an interest these payments should be treated as Category 2 disbursements.

Such Category 2 disbursements would for example include payments made to other entities within the Begbies Traynor Group (BTG) e.g. BTG Asset Consulting, BTG Corporate Finance, BTG Commercial Finance, BTG Tax, BTG Global Network (incorporating BTG Forensic, BTG Risk and BTG Intelligence).

BTG Asset Consulting, a division of BTG Consulting LLP which is itself part of BTG, charges £125 per hour for their advice regarding asset appraisal and disposal etc.

BTG Global Network provide a wide range of services, the most likely to be used in an insolvency procedure is in relation to enquiries and investigations into the location of assets or individuals surveillance and other investigative services, costs range from £100 to £250 per hour.

Where we have used or intend to use other entities within the Begbies Traynor Group that fact will be disclosed in the report to which this Appendix is attached or in future reports to creditors detailing the reasons for the instruction, the nature of the work undertaken, the basis of remuneration and the costs thereof.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*.

- Telephone and facsimile
- Printing and photocopying
- Stationery
- Postages

APPENDIX 2d

BEGBIES TRAYNOR (CENTRAL) LLP

CHARGE-OUT RATES

NEWCASTLE UPON TYNE AND TEESSIDE OFFICES

Begbies Traynor (Central) LLP is a national firm

The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions

The rates applying to the Newcastle upon Tyne and Teesside offices of Begbies Traynor (Central) LLP as at the date of the report to which this Appendix is attached are as follows

Grade of staff	Charge-out Rate (£ per hour)
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Junior Administrator	110
Support	110

The rates applying to the Newcastle upon Tyne and Teesside offices of Begbies Traynor (Central) LLP prior to 1 May 2011 are as follows

Grade of staff	Charge-out Rate (£ per hour)
Partner	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Junior Administrator	100
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead

Only where a significant amount of time is spent at one time on a case is a charge made for support staff

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units)

6 June 2011

PRIVATE & CONFIDENTIAL

TO ALL CREDITORS

Dear Sirs

ABSOLUTE LEISURE LIMITED (IN ADMINISTRATION) ("the Company")

In accordance with Rule 2.47 of the Insolvency Rules 1986, I enclose a copy of the Joint Administrators' fourth report on the progress of the Administration attached to Form 2.24B

If you need any further information please contact Tonya Allison of this office on 0191 2699820

Yours faithfully

For Absolute Leisure Limited



Andrew D Haslam
Joint Administrator

Enc

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

2 Collingwood Street, Newcastle upon Tyne, NE1 1JF

T 0191 2699820 F 0191 2699821 E newcastle@begbies-traynor.com W www.begbies-traynor.com

Begbies Traynor is a trading name of Begbies Traynor (Central) LLP, a limited liability partnership registered in England No OC306540, registered office 310 Deansgate, Manchester, M3 4LY

Andrew David Haslam is licensed in the United Kingdom to act as an Insolvency Practitioner by the Insolvency Practitioners Association

Geoff Krasner is licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office.

A member of the Begbies Traynor Group Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors and Consultants acting as administrators or administrative receivers contract as agents and without personal liability