

Rule 2.33

Form 2.17B

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company: ABT Mechanical Services Limited	Company number: 04363708
In the: Leeds District Registry <div style="text-align: right;">[full name of court]</div>	Court case number: 1966 of 2008

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

We, Rob Sadler and Michael E G Saville of Begbies Traynor, 9th Floor, Bond Court, Leeds LS1 2JZ

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

* Delete as applicable

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

(b) 11 February 2009

(b) Insert date

Signed: _____

Joint Administrator

Dated: _____

11.2.09

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	
9th Floor, Bond Court, Leeds LS1 2JZ	
	Tel: 0113 244 0044
Fax Number: 0113 244 5820	DX Number:



AQADG7KU

21/02/2009

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

SATURDAY

Michael E G Saville and Rob Sadler appointed joint administrators
on 17 December 2008

The affairs, business and property of the Company are being
managed by the joint administrators, who act as the Company's
agents.

ABT Mechanical Services Limited (In Administration)

Report and Proposals of the joint administrators
under the provisions of Paragraph 49 of Schedule
B1 to the Insolvency Act 1986

Contents

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	ABT Mechanical Services Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 17 December 2008
"the joint administrators"	Michael E G Saville of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ and Rob Sadler of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ
"the Act"	The Insolvency Act 1986, as amended
"the Rules"	The Insolvency Rules 1986, as amended
"the creditors"	All preferential creditors and all unsecured creditors
"preferential creditor"	Any creditor of the Company whose claim is preferential within Section 386 of the Insolvency Act 1986 as at 17 December 2008 being the date the Company entered administration.
"unsecured creditor"	Any person (other than a preferential creditor) who has, or claims to have, any claim against the Company (whether the claim be present, future or contingent or prospective and whether liquidated or for damages and whether arising in contract or tort or otherwise) in connection with or arising from any matter occurring prior to 17 December 2008.

2. STATUTORY INFORMATION

Date of Incorporation:	30 January 2002
Company registered number:	04363708
Registered office:	Begbies Traynor, 9 th Floor Bond Court, Leeds, LS1 2JZ
Former registered office:	Unit 9 Newtongate, Newton Reigny, Penrith, Cumbria, CA11 0AB
Trading address:	Unit 9 Newtongate, Newton Reigny, Penrith, Cumbria, CA11 0AB
Principal business activities:	Electrical, Plumbing and Heating Contractor
Trading names:	ABT Mechanical Services Limited
Directors:	Andrew Beatty
Company Secretary:	Jacqueline Beatty
Accountants:	Robinson Udale, Chartered Accountants , Carlisle
Share capital:	501 Ordinary Shares of £1 each
Shareholders:	Andrew Beatty

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Name(s) of joint administrator(s):	Michael E G Saville, Partner and Licensed Insolvency Practitioner of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ and Rob Sadler, Partner and Licensed Insolvency Practitioner of Begbies Traynor, 9 th Floor, Bond Court, Leeds, LS1 2JZ
Date of administrators' appointment:	17 December 2008
Court:	Leeds District Registry, 1966 of 2008
Person(s) making appointment / application:	Barclays Bank plc
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.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of:
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to subparagraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in subparagraph (1)(a) unless he thinks either:
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in subparagraph (1)(c) only if:
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

We were appointed as Joint Administrators by the Qualifying Floating Chargeholder, Barclays Bank plc pursuant to Paragraph 14 Sch B1 Insolvency Act 1986 on 17 December 2008.

Prior to our appointment, in early July 2008, the director of the company, Andrew Beatty, had obtained specialist insolvency advice from Messrs Harisons, Insolvency Practitioners, Manchester, following cashflow difficulties encountered when the company was unable to make any recovery in respect of two substantial book debts which together totalled £310,405.

Harrisons' advice set out the options available to the company at that time. It appears that having received that advice Andrew Beatty believed that the company could recover at least part of the outstanding debts and that the company could trade out of its difficulties without the need for a formal insolvency procedure.

However, despite instructing specialist agents and solicitors, the company was unable to make any further recovery of either debt. The cashflow situation deteriorated further when other debts became the subject of disputes and Mr Beatty requested Harrisons to review the company's position again and advise accordingly.

It appears from the information available to us that it was decided to resolve the Company's problems by means of a pre-pack administration. A new Company, called ABT Mechanical Services NW Ltd had been formed on 27 June 2008, with Andrew Beatty appointed as the sole director and shareholder on 10 July 2008. ABT Mechanical Services Ltd ceased trading on 31 October 2008. At that date, we are informed that all of the Company's contracts had been finished with the exception of two contracts which were ongoing. The leasehold premises were taken over by the new company and all of the employees were transferred to the new company. A contract was drafted whereby the new company was to acquire the stock for £5,000, and the plant and office equipment for £6,000, with a payment for goodwill initially set at 1.5% of the first year's turnover, subject to a minimum payment of £15,000, payable in quarterly instalments over the year. On 6 November 2008 Harrisons wrote to Barclays Bank plc setting out details of the position and requesting the consent of the bank to the proposed sale to the new company.

On 26 November 2008 documents were filed at Manchester District Registry of the High Court which purported to appoint J C Sallabank and P R Boyle as Joint Administrators of the old company, ABT Mechanical Services Limited; their appointment being by the director of the company pursuant to paragraph 22 Sch B1 Insolvency Act 1986.

However, this route into administration is not available if there is a petition pending against the company at the time that the application is made. In this case, a trade creditor Hagemeyer (UK) Ltd had issued winding up proceedings in Birmingham District Registry of the High Court on 7 November 2008 and the petition had been filed and listed for hearing on 17 December 2008.

Following discussions with Barclays Bank plc we were appointed as Joint Administrators on 17 December 2008, our appointment being directly by the qualifying floating charge holder pursuant to paragraph 14 Sch B1 Insolvency Act 1986.

5. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration to date, incorporating our projected outcome for creditors.

Following our appointment we have made extensive enquires in relation to the matters referred to above. The contract for the purchase of the chattel assets and goodwill had not completed and we therefore reviewed the circumstances giving rise to that proposed transaction.

We have appointed agents to value the company's chattel assets and instructed a specialist firm of construction industry surveyors to advise in relation to the position as regards book debts and work in progress ('WIP'). Their assessment of the overall debtor / WIP position is summarised in the figures provided in the estimated outcome statement and notes thereto.

Following further enquiries being made of the events which took place in the period leading up to our appointment we established that the company's fleet of 12 vehicles had been refinanced in September 2008 and that the monies received by the Company relating to this transaction, being £35,000; had been paid to a relatively small number of trade creditors. We were also of the view that the consideration offered for the plant, office equipment and stock was too low given its value to the new company on an in situ basis. Similarly we regarded the consideration offered for the goodwill, having due regard to the Company's trading performance in the period leading up to our appointment, as inadequate. We are also currently investigating the apportionment of the final invoice value between the old and the new company on the two contracts which were ongoing at the date of the transfer, and have recently been provided with further details by Mr Beatty.

On Monday 9 February 2009 we met with Mr Beatty to discuss these issues. At this meeting we suggested revised contract figures based on our findings to date. We proposed that an amount in the sum off £35,000 representing the equity in the vehicle fleet which would otherwise have been available to creditors be paid, together with £5,000 for plant and office equipment, £25,000 for stock and a further £20,000 apportioned equally between Goodwill and WIP. The last figure being subject to our review of the contract documentation relating to the two ongoing contracts which were transferred. The total purchase consideration would therefore be at least £85,000.

On 3 February 2009 an amount in the sum of £79,800.43 was paid into the old company's bank account at Barclays Bank plc. Mr Beatty has advised us that this is in respect of a debt due to the new company.

These monies have been retained by us pending the result of our further enquiries. This amount has not been included in our receipts and payments account as to do so may mis-represent our estimate of the final outcome for creditors.

6. JOINT ADMINISTRATORS' PROPOSALS

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve the objective specified in subparagraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

We intend to conclude our negotiations for the sale of the business and assets of the company in administration to the new company; ABT Mechanical Services NW Limited. Our intention is to achieve a price which represents fair value for the assets transferred. We will also continue with the recovery of outstanding debts which were assets of the company as at the date of cessation of trading, being 31 October 2008.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude these matters.

Following this we propose to finalise distributions to the secured and preferential creditors. (There are no known preferential creditors as we understand all of the employees were transferred to the new company).

Exit from Administration

We are of the opinion that a distribution will be made to the unsecured creditors of the Company from the Prescribed Part.

However as administrators we do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the company will automatically be placed into creditors voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we seek nomination as liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors approval, with or without modification, of the administrators' proposals.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of contract retentions falling due after the appointment anniversary. Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if:

- ☐ the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

We presently estimate these values as £29,475 and £132,373 respectively.

On present information we confirm that it is not our intention to make an application to court under section 176A(5). However we reserve our position generally in this regard should circumstances materially change.

Administrators' Remuneration

The joint administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice* 9 issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to date on this assignment amounts to 47.35 hours at an average composite rate of £264 per hour resulting in total time costs to date of £12,500.50.

To assist creditors in determining this matter, the following further information as regards time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ Narrative summary of time costs incurred and summary by staff grade and work activity

In addition to the information provided at Appendix 3, a copy of the creditors' guide to Administrators' fees is available on request. Alternatively, the guide can be downloaded from http://www.begbies-traynor.com/uploads/documents/jul_08/bt_1215095179_ADM_9503.doc

In the absence of an initial meeting of creditors (see section 8 Conclusion, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A).

7. STATEMENT OF AFFAIRS

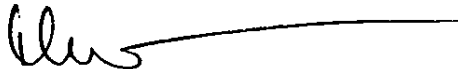
The director has not provided an estimated statement of affairs to date. We have prepared an estimated statement of affairs of the financial position of the company as at 17 December 2008 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation.

8. CONCLUSION

The joint administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of section 176A(2)(a)).

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the joint administrators' proposals is disapplied by paragraph 52(1). The joint administrators are therefore not empowered to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 12 days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is held, then by Rule 2.33(5), the joint administrators' proposals are deemed to have been approved by the creditors.

I will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



ROB SADLER
Joint Administrator

Date: 11 February 2009

APPENDIX 1

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

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
ASSETS SUBJECT TO FIXED CHARGE			
Goodwill		10,000	10,000
	0	10,000	10,000
FIXED CHARGE HOLDER			
Barclays Bank plc		(231,818)	(231,818)
Shortfall to fixed charge holder b/d	0	(221,818)	(221,818)
ASSETS SUBJECT TO FIXED CHARGE			
Equity in motor vehicles transferred		35,000	35,000
Plant & machinery)		5,000	5,000
Office equipment)			
Stock		25,000	25,000
Book debts		25,373	25,373
Applications		81,000	81,000
WIP / contracts		10,000	10,000
	0	181,373	181,373
ESTIMATED COSTS			
Administrators' remuneration		(30,000)	(30,000)
Administrator's disbursements		(2,000)	(2,000)
Agents - Chattel assets valuation		(1,500)	(1,500)
Agents - Quantity surveyors		(4,000)	(4,000)
Legal fees		(10,000)	(10,000)
Legal disbursements		(1,500)	(1,500)
	0	(49,000)	(49,000)
NET PROPERTY	0	132,373	132,373
Prescribed part of net property set aside for unsecured creditors		29,475	29,475
Available for floating charge holder		102,898	102,898
Summary of balances held:			
Fixed charge	0		
Floating charge	0		
	0		

ESTIMATED STATEMENT OF AFFAIRS

As at 17 December 2008

	Notes	Book value £	Estimated to realise £	£
Assets subject to fixed charge				
Goodwill		0	0	
		<u>0</u>	<u>0</u>	
<i>Less: Barclays Bank plc</i>	1	(231,818)	(231,818)	
Surplus (Deficiency) as regards fixed charge holder carried down		<u>(231,818)</u>	<u>(231,818)</u>	
 Assets subject to floating charge				
Plant & machinery	2	24,360)	5,000	
Office equipment		9,323)		
Stock		50,000	10,000	
Book debts	3	111,528	25,373	
Applications		86,500	81,000	
Disputed applications	4	310,405	0	
		<u>592,116</u>	<u>121,373</u>	
Estimated total assets available to Prescribed Part				121,373
<i>Less: Estimated prescribed part of net property of</i>	5			(27,275)
Estimated total assets available for floating charge holders				<u>94,098</u>
<i>Less: Debts secured by floating charges</i>				(231,818)
Estimated (deficiency) surplus after floating charges				<u>(137,720)</u>
 <i>Add: Estimated prescribed part of net property b/d</i>				27,275
Estimated total assets available for unsecured creditors				<u>27,275</u>
 <i>Less: Non-preferential Creditors</i>				
Trade & expense creditors			246,402	
HM Revenue & Customs			136,849	
Estimated deficiency after floating charge b/d			<u>137,720</u>	(520,971)
Estimated deficiency as regards creditors				(493,696)
 Issued and called up capital				
Ordinary shareholders				(501)
Estimated total deficiency as regards members				<u>(494,197)</u>

ESTIMATED STATEMENT OF AFFAIRS

Notes to the Estimated Statement of Affairs.

1. Barclays Bank plc has a fixed and floating charge debenture over the assets of the company, which was created on 2 December 2005 and registered on 9 December 2005.
2. The chattel assets were professionally valued by Eddisons on 18 December 2008, and the estimated realisable value given represents their in situ valuation.
3. The contract debts have been assessed by quantity surveyors, The Vinden Partnership and the estimated realisable value given represents the initial view based on the information available to them as at 23 December 2008, the date of their report. Book Debts with a book value of £111,528 includes four disputed debts which total £86,155. A full provision has been made against these disputed debts.
4. The disputed applications consist of two debts. The first, which has a book value of £205,886 is subject to a counterclaim in excess of the book value and the second being for an amount in the sum of £104,509 is subject to a dispute as to the identity of the contracting parties.
5. Section 176A 1A requires the administrator to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).
6. The administrator will not be required to set aside the prescribed part if:
 - a. The net property is less than £10k and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit;
 - b. Or if the net property is more than £10k, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
7. The indebtedness to Barclays Bank plc is supported by a personal guarantee from Andrew Beatty limited to £175,000.
8. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
9. The estimated total deficiency, including the calculation of the prescribed part, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Narrative summary of time costs incurred and summary by staff grade and work activity;

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

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 make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice¹ requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- *Category 2 expenses (approval required)* – all other items of expenditure:
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described:
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting;
 - Car mileage is re-charged at the rate of 40 pence per mile;
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged 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;
 - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

¹ Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor 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 office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner	395
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130

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).

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME: ABT Mechanical Services Limited

CASE TYPE: Administration

OFFICE HOLDERS: Mike Saville and Rob Sadler

DATE OF APPOINTMENT: 17 December 2008

1 CASE OVERVIEW

- 1.1 This overview is intended to allow the body responsible for the approval of the office-holder's fees to view the quantum of those fees in the context of the case in question.
- 1.2 *Complexity of the case*
As detailed in the body of the report, we were appointed administrators by Barclays Bank plc in replacement of Harrisons after an initial pre-pack deal had been attempted. We have ensured compliance with all statutory matters following the appointment.
- 1.3 *Exceptional responsibilities and office-holder's effectiveness*
We have investigated and successfully negotiated the repayment of previous transactions which did not represent a fair market value and continue to manage the administration to maximise the return to the Company's creditors.
- 1.4 *Anticipated return to creditors*
On present information it is anticipated that the secured creditor, Barclays Bank plc, will suffer a shortfall to its lending in this instance. The Company's records indicate that there will be no preferential claims in this instance. Due to the shortfall detailed above, there will be insufficient property to enable a distribution to unsecured creditors other than by virtue of section 176(A).
- 1.5 *Time costs analysis*
An analysis of time costs incurred is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average rate charged for each work type.
- 1.6 *The views of the creditors*
Creditors are invited to bring to any matters to the joint administrators' attention which may be relevant to their investigation into the affairs of the Company and their ongoing administration in the matter.
- 1.7 *Approval of fees*
The joint administrators are seeking the secured and preferential creditors' approval that they may draw their remuneration on a time cost basis and that they may draw their remuneration as and when funds permit.

1.8 Other professionals employed & their costs

We have used the following professional advisors on this assignment. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Fee arrangement
Walker Morris Solicitors (legal advice)	Hourly rate and disbursements
Eddisons (valuation and disposal advice)	% of realisations
Vinden Partnership (quantity surveyors)	% of realisations
Willis Ltd (Insurance)	Risk based Premium

2 EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor's policy for re-charging expenses incurred by insolvency office-holders is set out in a separate accompanying note.
- 2.2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note.

3 SUMMARY OF WORK CARRIED OUT

- 3.1 The following is a summary of the work carried out since the date of the last report.

- Investigation and ongoing correspondence regarding the pre-pack deal entered into prior to our appointment
- Post appointment duties, including notifications
- Dealing with creditor queries
- Dealing with creditor correspondence
- Liaising with the new company regarding collection of book debts

TIME COST ANALYSIS AS AT 11 FEBRUARY 2009

The following table is a summary of time costs incurred by staff grade and work activity from 17 December 2008 to 11 February 2009.

	Hours					Time cost £	Average hourly rate
	Partners	Managers	Administrators	Assistants & support staff	Total hours		
Administration & Accountancy	2.30	15.25	1.40	2.10	21.05	5,009.50	237.98
Planning & Control	1.00	9.00	-	-	10.00	2,600.00	260.00
Fixed Charge Assets	2.20	-	-	-	2.20	770.00	350.00
Floating Charge Assets	7.00	-	-	-	7.00	2,450.00	350.00
Trading	-	-	-	-	-	-	-
Debt Collection	3.40	-	-	-	3.40	1,190.00	350.00
Preferential, Unsecured & Employee Matters	-	-	0.80	-	0.80	104.00	130.00
Meetings and Statutory duties	-	-	-	-	-	-	-
Reports, SoA & Statutory returns	-	-	2.90	-	2.90	377.00	130.00
Investigations	-	-	-	-	-	0.00	-
Total hours	15.90	24.25	5.10	2.10	47.35	-	-
Total cost to date	5,565.00	6,062.50	663.00	210.00		12,500.50	264.00
Fees drawn to date						0.00	
Outstanding costs						12,500.50	