

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company 3D Underfloor Heating Limited	Company number 04473297
In the Manchester District Registry [full name of court]	Court case number 788 of 2010

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

I (a) Andrew David Rosler of Ideal Corporate Solutions Limited, Lakeside House, Waterside Business Park, Smiths Road, Bolton, BL3 2QJ

attach a copy of my proposals in respect of the administration of the above company

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

(b) Insert date

(b) 10 May 2010

Signed

  
Administrator

Dated

10 5 10

**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.

Ideal Corporate Solutions Limited

Lakeside House, Waterside Business Park, Smiths Road, Bolton, BL3 2QJ

Tel 01204 663000

DX Number

DX Exchange

THURSDAY



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13/05/2010

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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

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**3D UNDERFLOOR HEATING LIMITED  
(IN ADMINISTRATION)**

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**THE ADMINISTRATOR'S STATEMENT OF PROPOSALS IN ACCORDANCE WITH  
PARAGRAPH 49(1) SCHEDULE B1 INSOLVENCY ACT 1986**

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**1. INTRODUCTION**

- 1 1 Andrew David Rosler (collectively "the Administrator") of Ideal Corporate Solutions Limited ("ICS") was appointed Administrator of 3D Underfloor Heating Limited ("the Company") in the Manchester District Registry of the High Court on 18 March 2010 (No 788 of 2010)
- 1 2 The Administrator is a director of ICS and neither he nor any members of his staff have had any previous professional relationship with the Company or its directors
- 1 3 The Company was placed into Administration following the filing of an out of court application by the Directors
- 1 4 It is considered that EC Regulation on Insolvency Proceedings applies to these proceedings and that they are considered to be main proceedings as defined by Article 3 of the EC Regulations (1346/2000)
- 1 5 Under Schedule B1 of the Insolvency Act 1986 the Administrator of a company must perform his functions with the hierarchical 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 achievable 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
- 1 6 This document is produced for the sole purpose of paragraph 49 of Schedule B1 of the Insolvency Act 1986. It will assist creditors in understanding why Administration was necessary by providing a background to the Administration together with an explanation of what has taken place since the appointment of the Administrator

## 2. HISTORY

- 2 1 The Company was incorporated on 29 June 2002 as 3D Underfloor Heating Limited and began to trade at this time
- 2 2 The Company was set up by Raymond and Christina Dean who had previous, significant experience within the industry
- 2 3 The initial set up costs of the Company was financed through personal funds injected by the Directors
- 2 4 In order to ensure that the overheads of the Company were kept to the minimum within the first few months of trade, the business was traded from the Directors home
- 2 5 The initial sales secured by the Company were generated through contacts within the industry and the Company worked on a supply only basis
- 2 6 In the first year of trade the Company generated turnover of £91,444 and a profit before tax of £28,929
- 2 7 Over the coming years the Company built up a good reputation built on the provision of a high quality service and competitive prices
- 2 8 The Company continued to grow and subsequently re-located to leased premises with a view to expanding into the installation of the underfloor heating systems
- 2 9 In order to facilitate the expansion of the Company, the Directors hired a technical manager with a proven track record in this sector
- 2 10 Over the years the Company continued to thrive, with sales increasing year on year The Directors saw continued improvement in the turnover generated, which was indicated in the year end accounts
- |                   |          |
|-------------------|----------|
| 30 September 2007 | £79,250  |
| 30 September 2008 | £140,288 |
| 30 September 2009 | £134,150 |
- 2 11 Although a drop in the level of sales secured in 208-2009, which was attributed to economic recession, the Directors were confident that the Company could trade through the difficult climate
- 2 12 However, in January 2010 the technical manager announced he was resigning and it was subsequently revealed that he had set up his own Company within the same industry
- 2 13 Shortly afterwards two other senior managers resigned their posts and on the 4 February 2010 all operatives returned from site and resigned
- 2 14 The Directors immediately undertook a full review of the Company s current position and it was noted that the employees were now working for the technical manager
- 2 15 Over the coming month the Directors also received notification from several customers that they no longer required the services

- 2 16 The Directors approached their accountant for assistance who in turn referred them to Ideal Corporate Solutions Limited and a decision was taken to place the Company into Administration
- 2 17 Following the presentation of an out of Court application by the Directors the Company was placed into Administration on 18 March 2010

**3. CONDUCT OF THE ADMINISTRATION TO DATE**

**Realisation and Sale of Assets**

- 3 1 Following my appointment as Administrator an immediate meeting was held with the Directors to discuss the Company's debtor ledger and any work in progress
- 3 2 Following a full review it was noted that the vast proportion of work in progress related to small commission based work, which the costs associated with completing, would be higher than any realisations achieved
- 3 3 In total there were two outstanding contracts and conversations were entered into with the relevant customers. In turn it was highlighted that the customers had potential damages claims against the Company and had in the interim, hired another company to complete the work
- 3 4 Upon appointment I instructed my agents to attend the Company's trading premises and conduct a full inventory of the remaining assets, which consisted of stock
- 3 5 My agents highlighted that a portion of the stock was subject to a valid retention of title claim and the necessary arrangements were made for the stock to be collected by the supplier
- 3 6 An offer for the sum of £750 + VAT was received for the remaining stock and upon the recommendation of my agents, the offer was accepted
- 3 7 Furthermore, my agents secured all of the Company's books and records and computer hard drives, which were delivered to my office for a full review
- 3 8 It was noted that the Company also had a significant debtor ledger totalling £378,352 85
- 3 9 A full review of the ledger was undertaken with the Directors and details of all known disputes were documented
- 3 10 Given the nature of the industry an external collections agency with significant experience in this sector, has been instructed to assist with the ongoing collection
- 3 11 In order to ensure that all cheque payments in relation to the debtor ledger are received, a postal re-direction has been implemented and to date a sum of £3,233 33
- 3 12 Immediately following my appointment correspondence was entered into with the Company's bank and the account frozen. A credit balance of £86,019 14 was secured
- 3 13 A further balance of £12 57 was secured from the trading premise which represents the Company's petty cash float

**4. ACHIEVING THE PURPOSE OF ADMINISTRATION**

- 4 1 As advised under paragraph 1 6 above, the Administrators must perform their duties with the hierarchical function set out in a) – c)
- 4 2 As the Company was unable to continue to trade it was not possible to achieve purpose a) and rescue the company as a going concern. Following the hierarchy set out the Administrator has pursued and achieved purpose b) to ensure a better result for the Company's creditors as a whole than would be available if the Company were wound up.



**5. ADMINISTRATORS PROPOSALS**

- 5 1 Under Schedule B1 of the Insolvency Act 1986 it is necessary for the Administrator to have a number of matters approved in relation to his conduct of the Administration, such as the discharge of his liability and approved exit route from Administration
- 5 2 There are a number of exit routes available to the Administrator and it is too early to predict which exit route will be most appropriate, so it is important for all exit routes to remain available to the Administrator to avoid the incursion of unnecessary expense in convening further meetings in the future to consider a revision of the proposals. Accordingly the proposed resolution dealing with the exit routes is to be considered as one proposal
- 5 3 The Administrator's proposals are as follows
- 1 The Administrator may use any or a combination of the exit routes laid down 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. The Administrator considers option ii) to be the most likely at this time, but wishes to leave his options open
    - i) Once book debt collections are complete or substantially complete the Administrator may place the Company into Creditors Voluntary Liquidation. In such circumstances it is proposed that Andrew David Rosler be appointed as Liquidator and any act required or authorised to be done by him. In accordance with Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rules 2.117(3) of the Insolvency Rules 1986, creditors may nominate alternative liquidators, provided that nominations are made after the receipt of these proposals and before they are approved, OR
    - ii) Once full consideration has been received with regard to the sale of the Company's assets and book debt collections are complete or substantially complete the Administrator may apply to Court to allow the Administrator to distribute surplus funds, if any, to non-preferential unsecured creditors. In such circumstances, the Administration will be brought to an end by either.
      - a Automatically at the end of one year after the Administrator appointment, or
      - b By notice to the Registrar of Companies on completion of the Administration under Paragraphs 80 or 84 of Schedules B1 of the Insolvency Act 1986, OR
    - iii) If it transpires that there are insufficient funds available to make a distribution in respect of non-preferential creditor claims, then once all assets within the Administration have been realised and the Administrator has concluded all work within the Administration, the Administrator will place the Company into dissolution by filing with the Registrar of Companies a notice under Paragraph 84(1) of Schedules B1 of the Insolvency Act 1986
  - 2 The Administrator shall be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 of the Insolvency Act 1986 in respect of any action of his as Administrator either at a time appointed by a creditors' committee (if one should be appointed), or if there is no creditors' committee then automatically 14 days after the Administrator ceases to act as Administrator of the Company. In any event the Administrator shall be at liberty to apply to Court for his discharge from liability

- 3 It is proposed under Rule 2.106 of the Insolvency Rules 1986 that the Administrator's fees will be fixed by reference to time properly given by him and his staff in dealing with the affairs of the Company. The charge out rates for ICS are shown at appendix 6. The Administrator be entitled to draw remuneration in respect of his time costs at such time as he deems appropriate.
- 4 The category 2 disbursements (as defined by Statement of Insolvency Practice 9) shown at appendix 6 be approved.

**6. ADMINISTRATORS TIME COSTS AND REMUNERATION**

6.1 The following grades of staff assigned to the case, together with their hourly charge out rates, are detailed below

<i><b>Grade:</b></i>	<i><b>Hourly charge out rate:</b></i>
Directors	£300
Senior Manager	£200
Manager	£175
Assistant Manager	£150
Senior Administrator	£125
Administrator	£100
Trainee Administrator	£75
Cashier	£75

6.2 The Administrator's time costs to date along with the category 2 disbursements are shown in the appendices. The time costs shown exclude VAT

**7. RECEIPTS AND PAYMENTS ACCOUNT**

- 7.1 A receipts and payments account for the period of Administration to date is attached at appendix 2

**8. STATEMENT OF AFFAIRS**

- 8 1 The Statement of Affairs enclosed has been drafted by the Company's accountants upon the instruction of the Administrator
- 8 2 Creditors should note that the estimated statement of affairs does not include costs or expenses of the Administration

**9. CREDITORS MEETING**

- 9 1 Based on the estimated statement of affairs and information available to date in respect of the Administration, it is expected that there may be a distribution to unsecured creditors
- 9 2 It is therefore necessary to call a meeting of creditors to consider the Administrator's proposals
- 9 3 It is the Administrator's intention to hold a meeting by correspondence and the appropriate forms have been provided. The Administrator must however summon a meeting if required to do so by creditors whose debts amount to at least 10% of the total debts of the Company. The request must be in the prescribed form and be made within 12 days of the date of this notice, in accordance with Rule 2.37 of the Insolvency Rules 1986

## APPENDIX I

### STATUTORY INFORMATION

<b>Court Name</b>	Manchester District Registry of the High Court
<b>Court Reference No.</b>	788 of 2010
<b>Administrators</b>	Andrew David Rosler Ideal Corporate Solutions Limited Lakeside House Waterside Business Park Smiths Road Bolton BL3 2QJ
<b>Date of Appointment</b>	18 March 2010
<b>Company Name</b>	3D Underfloor Heating Limited
<b>Previous Names</b>	N/a
<b>Company Number</b>	04473297
<b>Date of Incorporation</b>	29 June 2002
<b>Principal Activity</b>	Installation of underfloor heating systems
<b>Registered Office</b>	Maxron House Green Lane Romiley Stockport SK6 3JQ
<b>Trading Address</b>	Maxron House Green Lane Romiley Stockport SK6 3JQ

<b>Directors</b>	<b>Date Appointed</b>	
Raymond Dean	29/06/2002	To date

<b>Company Secretary</b>	<b>Date Appointed</b>	
Christina Walsh	29/06/2002	To date

<b>Authorised Share Capital</b>	10,000 Ordinary shares at £1 each
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<b>Issued Share Capital</b>	100 Ordinary shares of £1 each
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<b>Shareholders</b>	Number held	Class
Raymond Dean	45	Ordinary
Christina Dean	10	Ordinary
John Dillon	45	Ordinary

<b>Registered Charges</b>	<b>Details</b>	<b>Created</b>	<b>Registered</b>
National Westminster Bank Plc	Fixed and floating charges – all monies due or to become due from the Company to the chargee on any account whatsoever	25/01/2007	01/02/2007



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## **APPENDIX II**

### **RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD**

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**Receipts and Payments Abstract: U5802 - 3D Underfloor Heating Limited In Administration**

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All Bank, Cash and Cash Investment Accounts All Dates

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SOA Value £	£	£
ASSET REALISATIONS		
Cash at Bank	86,019 14	
Debtors (Pre-Appointment)	3,233 33	
Petty Cash	<u>12 57</u>	
		89,265 04
COST OF REALISATIONS		
Administrator's Fees	(1,000 00)	
Statutory Advertising	<u>(61 88)</u>	
		(1,061 88)
<u>0 00</u>		<u>88,203 16</u>
REPRESENTED BY		
Bank 1 Current	89,779 83	
Client Account	(1,762 50)	
VAT Receivable (Payable)	<u>185 83</u>	
		88,203 16
		<u>88,203 16</u>

## **APPENDIX III**

### **ESTIMATED STATEMENT OF AFFAIRS**

A - SUMMARY OF ASSETS

	<u>Book Value</u>	<u>Estimated to Realise</u>
	£	£
Uncharged Assets		
Cash at Bank	86,019	86,019
Debtors	346,783	113,391
Petty Cash	13	13
Stock/Inventory on Hand	623	750
	<u>433,438</u>	<u>200,173</u>
Available to preferential creditors	<u>433,438</u>	<u>200,173</u>

Signature \_\_\_\_\_

Date. \_\_\_\_\_

## A1 – SUMMARY OF LIABILITIES

	<b>Estimated to Realise</b>	
	<b>£</b>	<b>£</b>
Estimated total assets available for preferential creditors		200,173
Liabilities		
Estimated Surplus (Deficiency) as regards preferential creditors		200,173
Less Administrator's Fees		(20,000)
Accountancy Fees		(5,000)
Solicitors Fees		(5,000)
		<u>(30,000)</u>
Estimated total assets available for floating charge holders		<u>170,173</u>
Floating Charge Claims		<u>0</u>
Total assets available to unsecured creditors		<u>170,173</u>
Unsecured non-preferential claims		
Associated Creditors	(19,876)	
HM Revenue and Customs	(26,542)	
Trade and Expense Creditors	(183,706)	
		<u>(230,124)</u>
Estimated Surplus (Deficiency) Unsecured creditors		<u>(59,951)</u>
Share Capital.		
Ordinary	(100)	
		<u>(100)</u>
Estimated Surplus (Deficiency) as regards members		<u><u>(60,051)</u></u>

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **APPENDIX IV**

### **SCHEDULE OF CREDITORS**

# **B COMPANY CREDITORS - 3D UNDERFLOOR HEATING LIMITED**

**NOTE** You must include all creditors and identify any creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
A & B Engineering (MSD) Limited	9-13 Derby Lane Liverpool L13 6QA	9 00			0 00
Atradius Collections	3 Harbour Drive, Capital Waterside Cardiff CF10 4WZ	205 63			0 00
Benchmark	200 Guide Lane, Audenshaw Manchester M34 5EE	132 22			0 00
Brook Control Solutions	21 Blackthorn Close, Whitley North Yorkshire DN14 0GE	458 26			0 00
CCF Limited	27-28 Suttons Business Park, London Road, Reading Berkshire RG6 1AZ	606 59			0 00
Foggs Floors Limited	Wanstead Longworth Lane, Dunscair Bolton BL7 9QY	14,832 02			0 00
Gorvins Solicitors	6-14 Millgate Stockport SK1 2NN	282 00			0 00
HIM Revenue & Customs	Financial Division, Durrington Bridge House, Barrington Road Worthing BN12 4SE	26,541 75			0 00
HM Revenue & Customs	Insolvency Operations, Queens Dock Liverpool L74 4AF	0 00			0 00
John Lewis	Chadkirk Industrial Estate, Otterspool Road, Romley Stockport SK6 3LE	11 28			0 00
MC Hyland Limited	Hardmans Lane, Bromley Cross Bolton BL7 9HJ	5,034 16			0 00
MK Daly & Co Limited	Maxron House, Green Lane, Romley Stockport SK6 3IQ	3,489 55			0 00
MKD Construction Consultants Limited	Lincolns View, Oak Green, Stanley Business Park, Cheadle Hulme Cheshire SK8 6QL	4,476 79			0 00
Orange Payment Processing	P O Box 52 Sheffield S98 1DX	319 92			0 00
Ormerod Rutter	2 St Andrews Court, St Andrews Road, Droitwich Worcestershire WR9 8DN	3,306 25			0 00
Raymond Dean	53 Constable Drive, Marple Bridge Stockport SK6 5EP	19,876 44			0 00
Reid Underfloor Heating	8 Hillside Grove, Barrhead Glasgow G78 1HB	381 45			0 00
Roseville Plastering Limited	Roseville House, Ash Street, Bilston West Midlands WV14 8UL	1,864 06			0 00
Sheffield Insulations	Textitose Road, Off Westinghouse Road, Trafford Park Manchester M17 1PY	18,069 47			0 00
The BSS Group Plc	1 Columbus Way, Metroplex Off Broadway Salford M50 1UU	112,476 45			0 00
Thompson Floor Screeding	Folly View, 1B Westerton Road, Coundon Bishop Auckland DL14 8HF	337 81			0 00
Travis Perkins Trading Co Ltd	Lodge Way House, Lodge Way, Harlestone Road Northampton NN5 7UG	0 00			0 00
Tyndale Floor Limited	Solar House, Alpine Way London E6 6LA	15,095 45			0 00
Universal Provident	John Ormond House, 899 Silbury Boulevard Milton Keynes MK9 3XL	278 99			0 00

Signature \_\_\_\_\_

Date \_\_\_\_\_

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
William Lea Limited	4 Chantry Court, Sovereign Way, Chester CH1 4QN	2,003 66			0 00
Woodsmoor Payroll Bureau	54 Lon Y Gors, Pensarn, Abergelle, Conwy LL22 7RU	35 00			0 00

Signature \_\_\_\_\_ Date \_\_\_\_\_



## deal Corporate Solutions

### TIME & CHARGEOUT SUMMARIES

3D Underfloor Heating Limited

#### HOURS

Classification Of work Function	Director	Manager Professional	Other Senior Support Staff	Assistants & Staff	Total Hours	Time Cost Hourly Rate £	Average
Administration & Planning	6 70	9 80	0 00	8 60	25 10	3,484 00	138 80
Investigations	0 00	0 50	0 00	0 00	0 50	62 50	125 00
Realisation of Assets	5 00	11 90	0 00	0 00	16 90	2,987 50	176 77
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	4 00	0 00	0 00	0 00	4 00	1,200 00	300 00
Total Fees Claimed £	1,614 00	2,775 00	0 00	645 00		7,734 00	
Total Hours	15 70	22 20	0 00	8 60	46 50		
Average Rate	240 90	125 00	0 00	75 00			

#### CATEGORY 2 DISBURSEMENTS

Type & Purpose	Amount £
31/03/2010 File Set-Up File setup fee March 10	1,200 00
31/03/2010 File Set-Up Correction	(1,200 00)
31/03/2010 File Set-Up File setup fee March 10	18 00
31/03/2010 Photocopies Photocopies Feb & March 10	62 10
30/04/2010 Photocopies Photocopying April 10	134 25
31/03/2010 Postage Postage correction June 09 to March 10	7 20
31/03/2010 Postage Postage March 2010	0 36
31/03/2010 Postage Postage March 10	2 05
30/04/2010 Postage Postage April 2010	5 52
	<b>229.48</b>

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## **APPENDIX VI**

### **ICS CHARGE OUT RATE AND DISBURSEMENT POLICY**

## REMUNERATION AND POLICY ON DISBURSEMENTS INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

### INTRODUCTION

This policy applies where a licensed insolvency practitioner in this firm is seeking appointment, or is currently acting, as an office holder of an insolvent estate and a resolution will be proposed or has been approved authorising fees to be drawn on a time cost basis and category 2 expenses (defined below) to be paid as outlined below

### REMUNERATION

Time is charged in 6 minute units. Charge out rates per hour are as follows

	Prior to April 09 £	With effect from 01 April 09 £
Director/Office Holder	250	300
Senior Manager	180	200
Manager	150	175
Assistant Manager		150
Senior Administrator		125
Administrator	100	100
Trainee Administrator	75	75
Cashier	75	75

### DISBURSEMENTS

Category 1 disbursements are expenses that are 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. Approval is not required for these disbursements.

Category 2 disbursements are expenses that are of an incidental nature and cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost. Where the cost of the expense incurred is an estimated, unutilised cost, the charging policy will be based on external costs or opportunity cost. They are charged as follows:

- Car mileage is re-charged at the rate of 50 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,
- Printing and photocopying at 15p per copy.
- File set up at £18.00 per file
- Experian/Identity Searches at £10 per file

Please note that charge out rates and disbursements are reviewed annually on 1 May and are subject to change

## **APPENDIX VII**

### **CREDITORS GUIDE TO ADMINISTRATORS' FEES**

# **A CREDITORS' GUIDE TO ADMINISTRATORS' FEES**

**Where Petition Presented or Appointment Made On or After 15 September 2003**

## **ENGLAND AND WALES**

### **1 Introduction**

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

### **2 The nature of administration**

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

### **3 The creditors' committee**

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

### **4 Fixing the administrator's fees**

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either

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

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

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors –
  - each secured creditor of the company, and
  - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company

4.4 A resolution of creditors may be obtained by correspondence

## **5 What information should be provided by the administrator?**

### **5.1 When seeking fee approval**

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above

To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- 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:

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

## **5.2 After fee approval**

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

### **5.3 Expenses and disbursements**

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

## **6 What if a creditor is dissatisfied?**

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

## **7 What if the administrator is dissatisfied?**

- 7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

## **8 Other matters relating to fees**

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

## **9. Provision of information - additional requirements**

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case,



- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office

## Notice of conduct of business by correspondence

Name of Company 3D Underfloor Heating Limited	Company number 04473297
In the Manchester District Registry  [full name of Court]	Court case number 788 of 2010

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

Notice is hereby given by (a) Andrew David Rosler of Ideal Corporate Solutions Limited,  
Lakeside House, Waterside Business Park, Smiths Road, Bolton, BL3 2QJ

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

to the creditors of (b) 3D Underfloor heating Limited, Maxron House, Green Lane,  
Romiley, Stockport, SK6 3JQ

(c) Insert number of  
resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c)  
Four 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) Ideal Corporate Solutions Limited, Lakeside House,  
Waterside Business Park, Smiths Road, Bolton. BL3 2QJ

(e) Insert closing  
date

by 12 00 hours on (e) 24 May 2010 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

Resolution I am \*in Favour / Against of the following resolutions

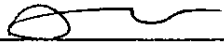
- 1) Exit the Administration via either a voluntary liquidation under paragraph 83,  
automatic end of the Administration or dissolution of the Company under paragraph  
84
- 2) That the Administrator be discharged from liability 14 days after ceasing to Act
- 3) The Administrator's fees will be fixed by reference to time properly given in dealing  
with the affairs of the Company
- 4) The Joint Administrators' category 2 disbursements be approved

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   
Administrator

Dated 10.05.10