

# 2.17B

The Insolvency Act 1986

## Statement of administrator's proposals

Name of Company
Double Check Security Ltd

Company number
04543038

In the High Court
(full name of court)

Court case number
6116 of 2013

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

I/We (a)  
Ninos Koumettou  
AlexanderLawsonJacobs  
1 Kings Avenue  
Winchmore Hill  
London N21 3NA

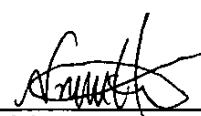
\*Delete as  
applicable

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) 30 October 2013

Signed

  
\_\_\_\_\_  
Administrator

Dated

30 October 2013

### 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 researchers of the public record

Ninos Koumettou  
AlexanderLawsonJacobs  
1 Kings Avenue  
Winchmore Hill  
London N21 3NA

DX Number DX 36953 Winchmore Hill

020 8370 7250  
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at -  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

THURSDAY



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31/10/2013

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COMPANIES HOUSE

## **Notice of an Initial Meeting of Creditors – Administration**

**Para 51 Schedule B1 Insolvency Act 1986 and Rule 2.35 of The Insolvency Rules 1986 (as amended)**

Registered name of Company	Double Check Security Ltd
Court / Court Number	High Court - 6116 of 2013
Registered number	04543038
Registered office	1 Kings Avenue Winchmore Hill London N21 3NA
Principal trading address	311 Hoe Street, Walthamstow, London, E17 9BG
Former registered names (in previous 12 months)	Not Applicable
Trading names or styles	Providers of Security Services

**Notice is hereby given that an initial meeting of creditors of the above named company is to be held at 1 King's Avenue, Winchmore Hill, London, N21 3NA on 18 November 2013 at 11.00 am for the purpose of considering the Administrator's statement of proposals and to consider establishing a creditors' committee. If no creditors' committee is formed at this meeting a resolution may be taken to fix the basis of the Administrator's remuneration.**

**A proxy form is enclosed which should be completed and returned to Ninos Koumettou by the date of the meeting if you cannot attend and wish to be represented. In order to be entitled to vote under Rule 2.38 at the meeting, you must give to Ninos Koumettou, details in writing of your claim not later than 12.00 hours on the business day before the day fixed for the meeting.**

Name of office holder	Ninos Koumettou
Office holder IP number	002240
Postal address of office holder(s)	1 Kings Avenue, Winchmore Hill, London N21 3NA
Office holder's telephone no and email address	020 8370 7250 and sam@aljuk.com
Date of Appointment	10 September 2013
Capacity of office holder(s)	Administrator
Alternative contact for enquiries on proceedings	Samantha George

**Double Check Security Limited ('the Company')**  
**(In Administration)**  
**High Court No. 6116 of 2013**

*Administrator's Statement of Proposals*  
*Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986*

The Administrator of the Company makes the following statement in discharge of his obligations pursuant to the provisions of Schedule B1 to the Insolvency Act 1986.

**1. Introduction**

- 1.1. This Report is addressed to all known creditors of the company and incorporates the Administrator's Proposals. These Proposals are to be considered at the creditors' meeting called pursuant to paragraph 51 of Schedule B1 of the Insolvency Act 1986 to be held at the offices of Alexander Lawson Jacobs, 1 Kings Avenue, Winchmore Hill, London, N21 3NA on Monday 18 November 2013 at 11.00 am.
- 1.2. Creditors may approve the Proposals with or without modifications, subject to the Administrator's agreement to any such modifications. If the Proposals are rejected by creditors then a report will be sent to the High Court reporting the outcome of the same. The Court may then discharge the Administration and make consequential directions or alternatively, it may adjourn the Hearing or make some other Order as it thinks fit.

**2. Appointment and Purpose**

- 2.1. On 10 September 2013, I, Ninos Koumettou of Alexander Lawson Jacobs ("ALJ") of 1 Kings Avenue, Winchmore Hill, London, N21 3NA, a licensed Insolvency Practitioner authorised to act in the UK by the Institute of Chartered Accountants in England & Wales, was appointed Administrator of the Company, further to an application made by the Company's director, Mr Ashfaq Ahmad Khalish, in accordance with Schedule B1 to the Insolvency Act 1986.

2.1.1. The statutory purpose of an Administration consists of a single three-tiered purpose.

- (i) The first objective is to rescue the Company as a going concern which involves rescuing the Company with all or most of its business intact.
- (ii) The second objective (to be considered only if the first objective is not reasonably practical or would clearly be better for creditors as a whole) is to achieve a better result for the creditors than would be obtained through an immediate winding up of the Company.
- (iii) The third objective is realising property in order to make a distribution to one or more secured or preferential creditors.

- 2.1.2. The first objective of an Administration was unlikely to be met, as without an immediate and substantial injection of working capital to cover the Company's ongoing trading expenditure, as well as its historic debts, the Company could not be rescued as a going concern. Mr Khalish, who was the Company's sole shareholder and director at the time it entered Administration, was not in a position to inject the funds which would have been required and, accordingly, it was decided that this objective was therefore not viable.

- 2.1.3.** In this case, and for the reasons set out below, my appointment was based on the second objective which was to achieve a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in administration)

### **3. Security**

There are currently two outstanding charges registered against the Company.

The first charge, which was a fixed and floating charge, was created on 29 May 2012 in favour of Barclays Bank Plc ("Barclays") At the time of the Company's Administration, there was an outstanding liability due to Barclays, in relation to the Company's credit card, of £3,688.68 which was fully discharged by the Company's director, from personal funds, at the time the Company entered Administration

The Company's former trading account also held a credit of £829.17 and these funds were subsequently transferred to the Administration as can be seen in the attached Receipts and Payments Account

Bibby Financial Services Limited ("BFS") currently holds a Debenture incorporating a fixed and floating charge over the assets of the Company which was created on 23 July 2013. I have been advised that, as at the date of the Administration, the amount owing to BFS was £86,890.61 which is secured by way of a fixed charge over the book debt ledger of £153,573.55 and a floating charge over the Company's other assets

### **4. Recent History and Circumstances Giving Rise to the Appointment of an Administrator**

The Company was incorporated on 24 September 2002 and has, throughout its history, provided static guarding services to various blue chip clients

Due to the nature of the Company's business, whilst minor external suppliers were always used, predominantly the majority of expenditure related to labour costs, together with VAT & PAYE/NIC which fell due to HM Revenue & Customs ("HMRC")

During the Company's initial few years of trading, turnover grew steadily as new contracts were sought, tendered and ultimately awarded. Accordingly, shortly prior to its Administration, the Company employed circa 100 staff and had achieved a turnover of circa £1.6M, of which, £1.3M related to the provision of static guards to its biggest customer, Waitrose, whilst the remainder of this turnover related to contracts held with 5 other customers

During 2008, the Company employed an internal accountant / book-keeper who was responsible for maintaining payments to the Company's creditors

At the time this accountant was employed, the Company was fully up to date with all liabilities to its staff, suppliers and HMRC The Company's director was under the assumption that payments to HMRC continued to be made in a timely manner and that the Company always maintained its ongoing liabilities in relation to PAYE/NIC and VAT as well as for any Corporation Tax which also fell due

However, during 2011 it became apparent to the Company's director that the Company had accrued a liability to HMRC The Director, in turn, requested an immediate review of the Company's bank accounts and identified that substantial funds estimated at around £250,000, belonging to the Company, had been diverted to the internal accountant / book-keeper personally, whilst appearing to have been paid to HMRC It was further identified that unexplained

transactions, of a further circa £250,000, had also been paid from the Company's funds which, prima-facie, appears to have been disguised as payments to fake employees

Although this matter was reported to both HMRC and the Police, it was considered to be a civil matter and consequently, to date, no action in this respect has been taken by the Police. At the time of its Administration, the Company had been giving consideration to taking further civil action with regard the unauthorised withdrawal of the Company's funds

Notwithstanding this, the Company entered into negotiations with HMRC with a view to settling its outstanding liability, of circa, £200,000 by way of instalments whilst alternative funding was sought, by both the Company and director personally, to enable the settlement of the liability to HMRC in full

In December 2012, the Company's external accountants obtained an agreement from HMRC, whereby monthly payments of £3,500 were to be made against the arrears, commencing January 2013, whilst all ongoing tax liabilities were to be paid in full as and when they fell due. This agreement was for a six month period, at which time it was agreed that the Company's situation would be reviewed again in order to ascertain whether it was in a position to repay its debt to HMRC in full

Accordingly, the Company approached Bibby Financial Services Ltd, with a view to obtaining new factoring facilities, as initial indications suggested that this would facilitate a higher level of funding

The Company had also previously entered into negotiations with a Dubai based company, that was interested in the acquisition of the Brand / Business, for the provision of static guarding in Dubai. Historically the Company had provided static guarding to various clients in Dubai and was an established brand name. It was anticipated that the Brand would be sold to the Dubai company and, in turn, the sale proceeds would have been utilised, in part, to discharge the accrued liabilities to HMRC. Thereafter, it was intended that if a sale of the Company's Brand / Business could be achieved, then the Company would also be in a better position to negotiate a deferred payment plan with HMRC for the remainder of its liability

The Company maintained the agreed monthly instalments of £3,500 and also made two additional payments of £2,500 each towards the outstanding liability due to HMRC. In June 2013 the Company's external accountants contacted HMRC to request a six month extension to the agreed payment plan and advised that the Company's position had not changed and it was not financially able to pay more than the previously agreed £3,500

Unfortunately, despite protracted correspondence between the Company, its accountants and HMRC, no agreement was subsequently reached with regards the Company's outstanding liability and HMRC advised the Company that they would be seeking to take formal recovery steps in relation to this outstanding debt

Accordingly, the Company's accountant suggested that the director seek professional advice with regards to potential insolvency options and it was as a result of this advice that that Alexander Lawson Jacobs were approached by the Company's director

#### **Commencement of Involvement of Alexander Lawson Jacobs**

I first met with the Company's director on 5 July 2013 in order to discuss the various options available to the Company, such as a Company Voluntary Arrangement ("CVA"), Creditors' Voluntary Liquidation ("CVL") or Administration

Following our discussions with the director, it was considered that a CVA may be viable but would have been dependant on the outcome of the Company's endeavours to sell the Brand which would have, in turn enabled the payment of a lump sum contribution to be offered to creditors. In addition, monthly contributions would also have been proposed, thereby allowing payment in full of the Company's outstanding liabilities, albeit over a period of time

The success of a CVA would also have been dependant on the continuation of the Waitrose contract, since this represented circa 70% of the Company's turnover

The director was advised that, in the event the Company was unable to either sell the Brand or source additional funding, in an environment where no "time to pay" arrangement could be negotiated with HMRC, the Company would be considered technically insolvent, with no prospect of avoiding formal insolvency proceedings, and would have no option but to cease trading

The consequence of such a scenario would mean that any continuation of the business would not be possible and would result in the loss of employment of a significant number of static guards

The director was further advised that, in the event the Company was unable to arrange alternative funding and negotiate a "time to pay" arrangement, an Administration should be considered with a view to a sale of the Company's Business, Goodwill & Assets. However, the effect on the Company's contracts was likely to be the same scenario in the event of an Administration as they were in CVL

Although it was likely that some of the smaller clients would agree to a novation of the Company's contracts to any potential purchaser, it was considered that this may not have been the case for the Waitrose contract. Consequently, any potential sale of the business would be based on a greatly reduced turnover which would, in turn, impact upon the value of the Company's business and goodwill.

Accordingly, it was initially agreed that the Company should put forward a Proposal to its creditors for a CVA as it was considered that this was the best scenario

However, in the meantime and, in view of the impending action from HMRC, Waitrose withdrew the Company's contract as they were not prepared to continue trading with the Company in its current form. As stated above, this contract accounted for the majority of the Company's turnover and, as a result, the Company was no longer able to put forward proposals to its creditors for a CVA.

A further meeting was held with the Company's director on 30 August 2013, whereby he informed me that, in addition to the withdrawal of the Waitrose contract, the potential sale of the Company's Brand in Dubai had also fallen through

Accordingly, it was determined that, in view of the circumstances, the most favourable option that was available to the Company was for it to enter Administration, in order to salvage whatever was left of the business and, in turn, ensure a maximum recovery for the Company's business, goodwill and other assets

The Company's director, Mr Kevin John McClean advised that he was no longer willing to continue as director of the Company and that he was resigning with immediate effect and the Company's shareholder, Mr Ashaq Ahmed Khalish was subsequently appointed director in his place

It was therefore resolved that Ashaq Ahmed Khalish, on behalf of the Company, file a Notice of Intention to appoint an Administrator and I was formally instructed to prepare the necessary documentation for this on 3 September 2013

## 5. Statutory Information

### 5.1. The Company's statutory information is detailed below -

<i>Registered no</i>	04543038		
<i>Date of incorporation</i>	24 September 2002		
<i>Registered office</i>	1 Kings Avenue, Winchmore Hill, London, N21 3NA (formerly 311 Hoe Street, Walthamstow, London, E17 9BG)		
<i>Authorised share capital</i>	100 Ordinary shares of £1 00 each		
<i>Issued share capital</i>	2 Ordinary shares of £1 00 each		
<i>Shareholders</i>	Ashfaq Ahmad Khalish – 2 Ordinary Shares		
<i>Directors</i>	Ashfaq Ahmad Khalish (Appointed 30 September 02 / Resigned 1 October 2010 / Re-appointed 2 September 2013) Kevin John McLean (Appointed 19 March 12 / Resigned 2 September 13) Anthony Phillip Pearce (Appointed 7 July 06 / Resigned 19 March 12)		
<i>Secretary</i>	No Secretary Appointed		
<i>Charges</i>	<i>Registered</i>		
	07/06/2012	Fixed and Floating Charge over the undertaking and all Property and Assets present & future including Goodwill, Book Debts, Uncalled Capital, Buildings, Fixtures, Fixed Plant & Machinery	Barclays Bank Plc
	24/07/2013	Contains Fixed Charge. Contains Floating Charge Floating Charge covers all the Property or Undertaking of the Company	Bibby Financial Services Limited (as Security Trustee)

## 6. Financial Information

### 6.1. The Company's accounts reveal the following results -

	<i>Year Ended 30 September 2011 (DRAFT)</i>	<i>Year ended 30 September 2010</i>	<i>Year ended 30 September 2009</i>
<b>Turnover</b>	1,454,579	998,272	941,956
<b>Gross Profit/Loss</b>	134,853	262,657	253,528
<b>Directors' Emoluments</b>	Not Known	36,688	32,410
<b>Net Profit/Loss</b>	(170,523)	13,927	26,944
<b>Dividends</b>	Nil	Nil	Nil
<b>Accumulated Bal.</b>	(129,652)	40,871	26,944

Creditors are advised that the Company's accounts for the year ending 30 September 2010 were prepared by its former internal accountant / bookkeeper, who is the subject of the investigations which are being carried out in relation to the funds which appear to have been misappropriated. As such the figures contained within these accounts should not be fully relied upon.

## 7. Management by the Administrator since his appointment

- 7.1. I can confirm that the appropriate documents have been filed with the Court. Notice of my Appointment has been given to the Registrar of Companies and to all known creditors. Details of my appointment were also advertised in the London Gazette.
- 7.2. Creditors were advised in my previous report, issued in accordance with Statement of Insolvency Practice 16 ("SIP 16") that on 17 September 2013, the Company's business, goodwill and assets were sold, for the sum of £26,500, to Double Check Security Group Limited, a dormant company owned by the Company's former director, Mr Kevin John McLean. It should be noted that Mr McLean resigned as a director of the purchasing company and Mr Ashfaq Ahmad Khalish was subsequently appointed a director in his place. As such, I can confirm that a personal guarantee has also been provided by Mr Ashfaq Ahmad Khalish in relation to the deferred consideration which is payable by Double Check Security Group Limited under the terms of the sale agreement. A copy of the SIP 16 Report, which provides more details on the sale, is attached herewith at Appendix I.
- 7.3. In accordance with the terms of the sale agreement, the purchaser was to pay an initial lump sum of £7,000 upon the signing of the agreement and the balance of £19,500 is to be paid in 8 equal monthly instalments of £2,437.50 on or before the 15<sup>th</sup> of every month after the Completion Date. I can confirm that, to date, the sum of £9,437.50 has been received from Double Check Security Group Limited, in accordance with the terms of the sale agreement.
- 7.4. As stated above, the Company had an outstanding debtor ledger, as at the date of Administration, of £153,573.55 from which the sum of £86,890.61 was due to BFS under its fixed charge. BFS have confirmed that the current outstanding sales ledger is £49,410.54 and that, after fees and other charges have been applied to the account, the current outstanding debt due to them from the Company is £6,173.38. Accordingly, it is expected that there will be a surplus of debtor monies, totalling £43,237.16, available to the Company's unsecured



creditors after the debt due to BFS has been repaid in full

- 7.5. As stated above, the Company's bank account with Barclays Bank Plc was £829 17 in credit at the time of its Administration and I can confirm that these monies have now been received in full.
- 7.6. As referred to further in the trading history above, during 2011, the Company's director identified substantial payments as having been paid from the Company's account which appeared prima-facie to have been paid to HMRC but which, the director maintains, were diverted to the Company's former internal accountant / bookkeeper. I can confirm that the Company's current accountant has provided me with a comprehensive schedule of all the payments which appear to have been misappropriated and that I have instructed solicitors, on a "no win no fee" basis, to fully investigate these transactions and to take action, where possible, in order to recover these funds for the benefit of the Company's creditors

Creditors will therefore be updated further in relation to this matter in due course

## **8. Prescribed Part**

- 8.1. Under the provisions of Section 176A of the Insolvency Act 1986, an Administrator must state the amount of funds available to unsecured creditors in respect of the prescribed part. This relates to a percentage of the Company's assets being set aside for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the expenses of the administration and any preferential creditors, but before paying the lender who holds a floating charge. An administrator has to set aside.
- a) where the Company's property does not exceed £10,000 – 50% of that property,*
- b) where it exceeds £10,000*
- i) 50% of the first £10,000 of the net property and*
- ii) 20% of the remaining net property up to a maximum of £600,000*
- 8.2. In this instance, the Company granted a Fixed and Floating Charge to BFS on 23 July 2013. In normal circumstances the prescribed part element would apply and funds would be retained, from monies due under the floating charge, in order to enable a distribution to be made to unsecured creditors. However, as there is expected to be a surplus of debtor monies available after the secured creditor's fixed charge debt has been paid in full, there will be no outstanding debt due under the floating charge and therefore, although the prescribed part provisions would apply, no calculation in this respect is required.
- 8.3. It appears that there will be sufficient funds available to enable the payment of a dividend to the Company's unsecured creditors. Creditors will therefore be updated on the quantum of such dividends to be paid in due course

## **9. Creditors' Claims**

- 9.1. The attached Statement of Affairs, at Appendix II, incorporates the amounts provided by the director and is accurate to the best of his knowledge and belief
- 9.2. Given that the Company's staff were all either transferred to Double Check Security Group Limited or the new Waitrose Contractor, it is not expected that there will be any preferential claims in respect of unpaid wages & holiday pay

9.3. The Company's outstanding non-preferential unsecured creditors' claims are £308,922 45, per the director's Statement of Affairs, and I can confirm that, so far, I have received formal claims totalling £88,011.32

9.4. Any creditor who has yet to submit a claim is requested to do so forthwith. In this regard a Proof of Debt Form is attached at Appendix III for this purpose. I have also enclosed guidance notes on VAT Bad Debt relief at Appendix IV.

## **10. EC Regulation on Insolvency Proceedings**

10.1. I am required under the Insolvency Rules 1986 to state whether, and if so the extent, to which the above regulations apply to this Administration. In this particular case, the EC Regulation will apply and these proceedings will be main proceedings as defined in Article 3 of the EC Regulation

10.2. The Company's registered office is in the UK and therefore, in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom

## **11. Statement of Affairs**

11.1. A statement as to the affairs of the Company has been prepared as at 10 September 2013. A copy of this is enclosed for creditors' information within this bundle of documents at Appendix II

11.2. The Statement of Affairs has been prepared from the Company records and other information available and/or provided by or on behalf of the director. Notes to the Statement of Affairs have also been prepared but we have not carried out any audit or detailed verification work on the information contained therein

## **12. Administrator's Proposals**

12.1. Pursuant to Paragraph 49 of Schedule B1 of the Act, this report sets out the Administrator's Proposals for achieving the purpose of the Administration. A summary of the Proposals is at Section 2 of this report

12.2. I also attach a summary of my receipts and payments, at Appendix V, relating to the Company for the period 10 September 2013 to 29 October 2013

12.3. It is proposed that the Administration will continue for the time being whilst the collection of the Company's factored book debts remains ongoing, in order to enable the debt due to the Company's secured creditor to be paid in full

12.4. In order to achieve the purpose of the Administration it is proposed that the collection of the deferred balance due under the sale agreement will continue. In addition, the surplus of funds, which are expected to be realised from the collection of the Company's factored book debts, will also be realised, after the debt due to the secured creditor has been fully discharged, in order to allow a dividend to be paid to the Company's unsecured creditors.

12.5. Once the deferred sale proceeds and all other realisations have been received to ensure that there are sufficient funds available to enable a dividend to be paid to the Company's unsecured creditors, the purpose of the administration will have been achieved and the Administration can be concluded

### **13. Proposed Exit Route of Administration**

- 13.1. The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from Administration, being primarily a Company Voluntary Arrangement, Liquidation or Dissolution of the Company. It is my recommendation and proposal that the Administrator should remain in office until the monies from the sale of the Company's business, goodwill & assets have been received together with the realisation of any surplus of debtor monies together with any other potential assets. Once sufficient monies have been realised to ensure a dividend will be paid to the Company's unsecured creditors, then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2 34B) bringing the Administration to an end and placing the Company into Creditors Voluntary Liquidation ("CVL") and a final report will also be issued to creditors. This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate.
- 13.2. It is further my recommendation and proposal that, in the event the Company enters Creditors Voluntary Liquidation, I should be appointed Liquidator.
- 13.3. Should it subsequently transpire that, for any reason, the above course of action is not possible and there are insufficient funds with which to make a dividend to unsecured creditors, then I will take the necessary steps to place the Company into Compulsory Liquidation.
- 13.4. Under the amended provisions of the Insolvency Act 1986, there is no requirement for an additional meeting of members and creditors to be convened to place the Company into CVL or to appoint a liquidator. This is because the creditors can agree to the process and to the nominated Liquidator at the meeting to be held on Monday 18 November 2013. As a result, the move from Administration to CVL is a simple procedure.
- 13.5. However, creditors should note that, in accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules, they may nominate an alternative liquidator at any time after the Proposals have been received but before they are actually approved.

### **14. Administrator's Remuneration & Expenses**

- 14.1. In accordance with Rule 2.33(2A) of the Insolvency Rules 1986, I would advise creditors that on 3 September 2013, I agreed with the directors a pre-appointment fee of £7,500 plus VAT. I can confirm that this payment was received in full from the Company's funds prior to my appointment.

This payment was to cover all my work in connection with the Company's Administration including the following:

- Various meetings with the Company's director and associated discussions
- A full review of the Company's financial position and consideration of the relevant insolvency procedure in order to maximise realisations for creditors
- Liaising with my agents in relation to the sale of the Company's business and assets and also with my solicitors in order to enable the drafting of the sale agreement between the Company and Double Check Security Group Limited
- Preparation and filing of all necessary documents to facilitate the Company's Administration

It was essential that this work was carried out in order to determine the best way in which to manage the Company's affairs and to decide upon the appropriate course of action. In my view all actions undertaken pre-administration have ensured the best possible outcome.

for creditors and the achievement of the purpose of the administration ie a better return for creditors as a whole

I have attached herewith, at Appendix VI, a copy of my Statement of Insolvency Practice 9 time summary covering the pre-appointment work which was carried out by this firm during the period leading up to the Company's administration, wherein you will note that my time costs in dealing with this amounted to £7,555. This represents a total of 27 70 hours and equates to an average hourly rate of £272 74

- 14.2. I am proposing to be remunerated for post appointment work by reference to the time properly spent for my services and those of my staff in dealing with matters arising from the Administration. A description of the routine work undertaken in the Administration, to date, is as follows

Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on IPS case management software
- Case bordereau
- Case planning and administration
- Preparing reports to members and creditors
- Convening meetings of members and creditors

Cashiering

- Maintaining and managing the administrator's cashbook and bank account
- Ensuring statutory lodgements are met

Creditors

- Dealing with creditor correspondence.
- Preparing reports to creditors
- Maintaining creditor information on IPS case management software
- Reviewing, and adjudicating on if necessary, proofs of debt received from creditors

Investigations

- Interim review of Company accounts / financial information & associated discussions with the Company's director

Realisation of Assets

- Liaising with BFS in relation to the collections of the Company's outstanding factored debts
- Various meetings and discussions with the Company's director with regards the payment of the Company's outstanding non-factored book debt
- Liaising with both the purchaser and our solicitors in relation to the finalisation and completion of the Company's Sale Agreement
- Liaising with Barclays in relation to the realisation of the Company's credit balance.

14.3. I am obliged, pursuant to Statement of Insolvency Practice 9, to provide creditors with details relating to the time costs and the disbursements that have been incurred by myself and my staff to date. I therefore attach at Appendix VII a summary of my own and my firms' time costs for the period 10 September 2013 to 29 October 2013 wherein you will note that the time costs incurred during this period amounted to £12,399.50 plus VAT. This represents a total of 53.20 hours and equates to an average hourly rate of £233.07.

14.4. I also attach at Appendix VIII a Creditors' Guide to Fees together with my firms Practice Fee Recovery Policy for your reference and this details the staff hourly charge out rates relevant to this Administration. I can confirm that time is charged in 6 minute units.

14.5. I also propose to recover my disbursements and expenses in accordance with the rates set out in the Creditors' Guide to Fees and Practice Fee Recovery Policy. In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2. These are detailed in the attached Administrator's guide to fees. However, I would summarise these as follows,-

Category 1 expenses are attributed to the estate and are recoverable in full from the estate without the prior approval of creditors. This will include the cost of statutory advertising, external meeting room hire, external storage, specific bond insurance, company search fees and postage.

Category 2 expenses are incurred by the firm and recharged to the estate. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

The following expenses have been incurred in relation to this matter -

Type of category 1 disbursement	Amount incurred but not paid £
Indemnity Bond	180.00
Company Search	9.00
Statutory Advertising	77.50
Postage	13.40
Room Hire (external)	0.00
Type of category 2 disbursement	Amount incurred but not paid £
Room Hire (internal)	0.00
Photocopying	16.08
Storage of Books and Records	0.00
Other	0.00

14.6. The approval of the basis of my remuneration and expenses, as Administrator, forms part of these Proposals for which approval is being sought, however, if a creditors' committee is appointed at the forthcoming meeting of creditors then I will seek approval from that committee instead.

## 15. Agents Fees & Legal Fees

15.1. The following agents or professional advisors have been utilised in this matter

Professional Advisor	Nature of Work	Fee Arrangement
The Wilkes Partnership	Solicitors	Time Costs
Rabbow & Co	Agent / Valuers	Percentage of Realisations

15.2. In accordance with Rule 2 33(2A) of the Insolvency Rules 1986, I would also advise that both my solicitors and agents have incurred costs relating to their time spent in dealing with the sale of the Company's business and assets to Double Check Security Group Limited

15.3. I can confirm that my solicitors have invoiced the sum of £2,000 plus VAT for the work which was carried out by them with regard to the initial drafting of the sale agreement as well as liaising with both this office and the purchaser in order to reach agreed terms and to enable the completion of the sale agreement. I consider that these fees are reasonable in comparison to the work which was carried out by my solicitors and I am now seeking creditors' approval for these fees to be paid from the sale proceeds, as an expense of the Administration

15.4. My agents have advised that they have incurred fees of £3,000 plus VAT for the work which they carried out in providing a valuation of the Company's business, goodwill and assets and negotiating a sale, to Double Check Security Group Limited, on my behalf. The work which was undertaken in this respect comprises meetings with the director and / or shareholder, preparing an inventory and valuation on the Company's assets and undertaking a short period of marketing in addition to liaising with Double Check Security Group Limited, as well as other third parties, in relation to the offers put forward for the purchase of the Company's business and assets. I confirm that my agent has not yet been paid for the work undertaken in this respect and I am seeking approval from the Company's creditors for these fees to be paid from the sale proceeds, as an expense of the Administration

15.5. The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The rates to be charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case

It is my belief that it was essential for this work to be carried out in order to ensure the best possible outcome for creditors and the achievement of the purpose of the administration ie a better return for creditors as a whole

## 16. Administrator's Investigations

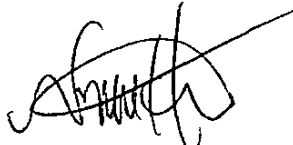
16.1. I am required, under the Company Directors' Disqualification Act 1986 and related subordinate legislation, to make a return no later than six months from the date of my appointment in respect of every person who was on that date a director or shadow director of the Company, or who was a director or shadow director of the Company at any time in the three years immediately preceding that date. If you have any information, other than what we have reported upon above, which you consider may be relevant to my report you should provide me with details without delay, either on the attached questionnaire on directors' conduct at Appendix IX herewith or in any other appropriate written form

## **17. Members' and Creditors' Voting Rights**

**17.1.** Creditors are entitled to vote for the amount of their debt as at the date of my appointment subject to their submission of any proxy they intend to use and written details of their debt not later than 12 noon on the business day before the day fixed for the meeting. A form of Proxy is enclosed herewith at Appendix X. Creditors who have unliquidated or unascertained debts may only vote if I agree to place an estimated minimum value upon their debt for the purpose of voting entitlements. I have the right to reject any creditor's claim in whole or in part for the purpose of his or her entitlement to vote. Any creditor whose claim is so rejected has the right of appeal to the Court within 28 days. Full details of creditors' entitlement to vote, is set out in Rule 2.38, the text of which is attached at Appendix XI.

## **18. Further Information**

**18.1.** I will report to creditors on the progress of the Administration, in accordance with my statutory obligations.



Ninos Koumettou FCA, FCCA, FABRP  
**Administrator**

(Licensed to act as an Insolvency Practitioner in the UK by the  
Institute of Chartered Accountants in England & Wales)

30 October 2013

The affairs, business and property of a company in Administration are managed by the Administrator, who acts as an agent of the Company over which he is appointed at all times without personal liability.

**Double Check Security Limited ('the Company')  
In Administration**

**Summary of the Administrator's Proposals**

***Summary of the Administrator's Proposals under Paragraph 49 of Schedule B1 to the Insolvency Act 1986***

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986, Ninos Koumettou, the Administrator of Double Check Security Limited, makes the following proposals for achieving the purpose of the Administration, which came into effect on 10 September 2013.

These summary Proposals and the attached report to creditors together set out the information required of the Administrator and discharges his duties pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

An initial meeting of the Company's creditors to consider these Proposals has been convened for Monday 18 November 2013 at 11 00 am.

**SUMMARY PROPOSALS**

- **That** the Administrator does all such things and generally exercises all his powers in order to achieve objective 2 of the statutory purpose of the Administration,
- **That** the Administrator should remain in office until the monies from the sale of the Company's business, goodwill & assets have been received together with the realisation of any surplus of debtor monies together with any other potential assets. Once sufficient monies have been realised to ensure a dividend will be paid to the Company's unsecured creditors, then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2.34B) bringing the Administration to an end and placing the Company into Creditors Voluntary Liquidation ("CVL") and a final report will also be issued to creditors. This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate
- **That** it is further my recommendation and proposal that, if the Company enters Creditors Voluntary Liquidation, I should be appointed liquidator.
- **That** should it subsequently transpire, for any reason, the above course of action is not possible and there are insufficient funds with which to make a dividend to unsecured creditors, then I will take the necessary steps to place the Company into Compulsory Liquidation.
- **That** the Administrator's Remuneration be fixed on a time costs basis with regard to time properly spent by him and his staff in the conduct of the case. Details of time rates by grade of staff likely to be utilised on the case are set out in the attached Creditors' Guide to Fees. Creditors are hereby provided with pertinent information with regard to these costs and will be provided up to date details in all future Reports. Category 1 and 2 expenses are to be fixed at the rates set out in the attached Creditor's Guide to Fees & Alexander Lawson Jacobs Practice Fee Recovery Policy. The Administrator's Remuneration and disbursements are to be discharged as far as possible prior to the Administrator applying for the discharge of the Administration



- **That my solicitors fees, in the sum of £2,000 plus VAT, be paid from the sale proceeds as an expense of the Administration**
- **That my agents fees, in the sum of £3,000 plus VAT, be paid from the sale proceeds as an expense of the Administration**
- **That should a Creditors' Committee be established at the forthcoming meeting of creditors scheduled to take place on Monday 18 November 2013, the Administrator is to consult with the Committee in relation to matters concerning the conduct of the Administration and with regard to the fixing of remuneration and expenses**



**Ninos Koumettou FCA, FCCA, FABRP  
Administrator**

**(Licensed to act as an Insolvency Practitioner in the UK by the  
Institute of Chartered Accountants in England & Wales)**

**30 October 2013**

**The affairs, business and property of a company in Administration are managed by the Administrator, who acts as an agent of the Company over which he is appointed at all times without personal liability**

**DOUBLE CHECK SECURITY LIMITED ('the Company')  
(IN ADMINISTRATION)**

**Information to Creditors regarding the sale of the Company's business & assets**

The Company was incorporated on 24 September 2002 and has, throughout its history, provided static guarding services to various blue chip clients

Due to the nature of the Company's business, whilst minor external suppliers were always used, predominantly the majority of expenditure related to labour costs, together with VAT & PAYE/NIC which fell due to HM Revenue & Customs ("HMRC")

During the Company's initial few years of trading, turnover grew steadily as new contracts were sought, tendered and ultimately awarded. Accordingly, shortly prior to its Administration, the Company employed circa 100 staff and had achieved a turnover of circa £1.6M, of which, £1.3M related to the provision of static guards to its biggest customer, Waitrose, whilst the remainder of this turnover related to contracts held with 5 other customers.

During 2008, the Company employed an internal accountant / book-keeper who was responsible for maintaining payments to the Company's creditors.

At the time this accountant was employed, the Company was fully up to date with all liabilities to its staff, suppliers and HMRC. The Company's director was under the assumption that payments to HMRC continued to be made in a timely manner and that the Company always maintained its ongoing liabilities in relation to PAYE/NIC and VAT as well as for any Corporation Tax which also fell due.

However, during 2011 it became apparent to the Company's director that the Company had accrued a liability to HMRC. The Director, in turn, requested an immediate review of the Company's bank accounts and identified that substantial funds estimated at around £250,000, belonging to the Company, had been diverted to the internal accountant / book-keeper personally, whilst appearing to have been paid to HMRC. It was further identified that unexplained transactions, of a further circa £250,000, had also been paid from the Company's funds which, prima-facie, appears to have been disguised as payments to fake employees.

Although this matter was reported to both HMRC and the Police, it was considered to be a civil matter and consequently, to date, no action in this respect has been taken. At the time of its Administration, the Company had been giving consideration to taking further civil action with regard to the unauthorised withdrawal of the Company's funds.

Notwithstanding this, the Company entered into negotiations with HMRC with a view to settling its outstanding liability, of circa, £200,000 by way of instalments whilst alternative funding was sought, by both the Company and director personally, to enable the settlement of the liability to HMRC in full.

In December 2012, the Company's external accountants obtained an agreement from HMRC, whereby monthly payments of £3,500 were to be made against the arrears, commencing January 2013, whilst all ongoing tax liabilities were to be paid in full as and when they fell due. This agreement was for a six month period, at which time it was agreed that the Company's situation would be reviewed again in order to ascertain whether it was in a position to repay its debt to HMRC in full.

Accordingly, the Company approached Bibby Financial Services Ltd, with a view to obtaining new factoring facilities, as initial indications suggested that this would facilitate a higher level of funding.

The Company had also previously entered into negotiations with a Dubai based company, that was interested in the acquisition of the Brand / Business, for the provision of static guarding in Dubai. Historically the Company had provided static guarding to various clients in Dubai and was an established brand name. It was anticipated that the Brand would be sold to the Dubai

company and, in turn, the sale proceeds would have been utilised, in part, to discharge the accrued liabilities to HMRC. Thereafter, it was intended that if a sale of the Company's Brand / Business could be achieved, then the Company would also be in a better position to negotiate a deferred payment plan with HMRC for the remainder of its liability.

The Company maintained the agreed monthly instalments of £3,500 and also made two additional payments of £2,500 each towards the outstanding liability due to HMRC. In June 2013 the Company's external accountants contacted HMRC to request a six month extension to the agreed payment plan and advised that the Company's position had not changed and it was not financially able to pay more than the previously agreed £3,500.

Unfortunately, despite protracted correspondence between the Company, its accountants and HMRC, no agreement was subsequently reached with regards the Company's outstanding liability and HMRC advised the Company that they would be seeking to take formal recovery steps in relation to this outstanding debt.

Accordingly, the Company's accountant suggested that the director seek professional advice with regards to potential insolvency options.

Accordingly, Alexander Lawson Jacobs were introduced to the Company and its director on 5 July 2013 in order to discuss the various options available, such as a Company Voluntary Arrangement ("CVA"), Creditors Voluntary Liquidation ("CVL") or Administration.

Following our discussions with the director, it was considered that a CVA may be viable but would have been dependant on the outcome of the Company's endeavours to sell the Brand which would have, in turn enabled the payment of a lump sum contribution to be offered to creditors. In addition, monthly contributions would also have been proposed, thereby allowing payment in full of the Company's outstanding liabilities, albeit over a period of time.

The success of a CVA would, of course, also have been dependant on the continuation of the Waitrose contract, since this represented circa 70% of the Company's turnover.

The director was advised that, in the event the Company was unable to either sell the Brand or source additional funding, in an environment where no "time to pay" arrangement could be negotiated with HMRC, the Company would be considered technically insolvent, with no prospect of avoiding formal insolvency proceedings, and would have no option but to cease trading.

The consequence of such a scenario would mean that any continuation of the business would not be possible and would result in the loss of employment of a significant number of static guards.

The director was further advised that, in the event the Company was unable to arrange alternative funding and negotiate a "time to pay" arrangement, an Administration should be considered with a view to a sale of the Company's Business, Goodwill & Assets. However, the effect on the Company's contracts was likely to be the same scenario in the event of an Administration as they were in CVL.

Although it was likely that some of the smaller clients would agree to a novation of the Company's contracts to any potential purchaser, it was considered that this may not have been the case for the Waitrose contract. Consequently, any potential sale of the business would be based on a greatly reduced turnover which would, in turn, impact upon the value of the Company's business and goodwill.

Accordingly, it was initially agreed that the Company should put forward a Proposal to its creditors for a CVA as it was considered that this was the best scenario.

However, in the meantime and, in view of the impending action from HMRC, Waitrose withdrew the Company's contract as they were not prepared to continue trading with the Company in its current form. As stated above, this contract accounted for the majority of the

Company's turnover and, as a result, the Company was no longer able to put forward proposals to its creditors for a CVA

A further meeting was held with the Company's director on 30 August 2013, whereby he informed me that, in addition to the withdrawal of the Waitrose contract, the potential sale of the Company's Brand in Dubai had also fallen through

Accordingly, it was determined that, in view of the circumstances, the most favourable option that was available to the Company was for it to enter Administration as this would ensure a maximum recovery for the Company's business, goodwill and assets, notwithstanding the loss of the Waitrose contract

The Company's director, Mr Kevin John McClean advised that he was resigning with immediate effect and the Company's shareholder, Mr Ashaq Ahmed Khalish was subsequently appointed director

It was therefore resolved that Ashaq Ahmed Khalish, on behalf of the Company, file a Notice of Intention to appoint an Administrator and I was formally instructed to prepare the necessary documentation for this on 3 September 2013

In view of the precarious situation with regards the Company, it was determined that trading the business under administration, whilst it was marketed for sale as a going concern, would not be possible. In addition, trading a business of this nature would have been a risk to any duly appointed Administrator and would have further damaged the value of its goodwill significantly. Accordingly, it was considered that, whilst Administration was the best course of action available to the Company, in view of its circumstances, it was not viable for the Administrator to continue trading, once the Company entered Administration

Agents, Rabbow & Co, were instructed to carry out a formal valuation of the Company's business, goodwill and assets. In addition the agent was also advised to undertake a short period of marketing, with a view to the sale of the Company's business, goodwill and assets for sale as a going concern

The agent from Rabbow & Co subsequently confirmed that, in his opinion, the Company's Office Equipment had a nil value but that, to a willing purchaser, its Goodwill and Work in Progress / remaining Contracts would have values in the respective sums of £16,500 and £12,500. He further advised that, in the event of a forced sale, the Goodwill would only realise a maximum of £8,250 and that the Work in Progress / Contracts would only realise £6,250

Following a short period of marketing, Rabbow & Co confirmed that, in view of the incestuous nature of the industry that the Company operates within, the scope of marketing which could be carried out without destroying the goodwill was limited. In view of this, the Company's business and goodwill was marketed to a number of local security companies, whilst ensuring confidentiality at all times. Predominantly verbal interest was expressed although one written offer was also subsequently received, in the sum of £15,750. The Company's former director, Mr Kevin John McLean, also submitted an offer of £26,500, via his dormant company, Double Check Security Group Limited

Our agent advised that, after taking into account all the considerations noted above, the offer received from Double Check Security Group Limited represented good value for the Company's creditors and recommended that it be accepted

Accordingly, I can confirm that the offer from Double Check Security Limited was accepted and that the sale of the Company's business, goodwill and assets was agreed upon my appointment and was subsequently finalised on 17 September 2013. The terms of the agreement state that the purchaser will pay an initial lump sum of £7,000 and the balance of £19,500 is to be paid in 8 equal monthly instalments of £2,437.50, on or before the 15<sup>th</sup> of every month after the Completion Date. I confirm that a Personal Guarantee has also been provided by Mr Ashaq Ahmed Khalish, the shareholder of both the Company and Double Check Security Group Ltd, with regards to the deferred consideration. It is the intention of Mr

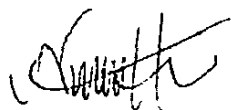
Khalish to also be appointed a director of Double Check Security Group Ltd as Kevin McLean has indicated that he would also be resigning as director of this company

The total consideration payable for the Company's business and assets has been apportioned as follows.

Goodwill / IP	£14,000 00
Work in Progress / Contracts	£12,500 00

I can confirm that the initial instalment of £7,000 has also now been received, in accordance with the terms of the Sale Agreement.

I would also advise that the Company's employees have also now been transferred over to Double Check Security Group Limited thereby cancelling any claims they may otherwise have had in relation to wages, holiday pay, pay in-lieu and redundancy. These would have been substantial and would have significantly impacted upon any return to the general body of creditors, had an immediate sale of business not taken place.



Ninos Koumetto FCA, FCCA, FABRP  
Administrator

19 September 2013

Insolvency Act 1986

Double Check Security Ltd  
Estimated Statement Of Affairs as at 10 September 2013

	Book Value £	Estimated to Realise £	£
<b>ASSETS</b>			
Factored Book Debts	153,573 55	145,662 55	
Bibby Financial Services Limited		(86,890 61)	
		58,771 94	58,771 94
Barclays Bank Plc		NIL	
		NIL	NIL
Furniture & Equipment	7,462 00		NIL
Contracts / WIP	12,500 00		12,500 00
Misappropriated Funds	500,000 00		Uncertain
Goodwill / IP			14,000 00
Cash at Bank - Barclays Bank Plc	829 17		829 17
			86,101 11
<b>LIABILITIES</b>			
<b>PREFERENTIAL CREDITORS.-</b>			
			NIL
			86,101 11
<b>DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003</b>			
<b>OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS</b>			
			NIL
			86,101 11
Estimated prescribed part of net property where applicable (to carry forward)			20,220 22
			65,880 89
<b>DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003</b>			
			NIL
			65,880 89
Estimated prescribed part of net property where applicable (brought down)			20,220 22
			86,101 11
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>			
Trade & Expense Creditors		6,972 32	
HM Revenue & Customs - Corp Tax		6,249 57	
HM Revenue & Customs - PAYE/NIC		202,672 72	
Landlord		42,500 00	
HM Revenue & Customs - VAT		50,527 84	
			308,922 45
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)			(222,821 34)
			(222,821 34)
Issued and called up capital			
Ordinary Shareholders		2 00	
			2 00
<b>TOTAL SURPLUS/(DEFICIENCY)</b>			<b>(222,823 34)</b>

**AlexanderLawsonJacobs**  
**Double Check Security Ltd**  
**B - Company Creditors**

Key	Name	Address	£
CB00	Barclays Bank Plc (Business Insolvency)	RR Donnelly , Open Sort & Distribute, Astron House, 51 Saffron Road, Leicester, LE87 2BB	0 00
CB01	Bibby Factors Manchester Ltd	Suite D, Laser House , Waterfront Quay, Salford Quays, Manchester, Lancashire, M50 3XW	86,890 61
CB02	Biffa Waste Services Ltd	Coronation Road, High Wycombe, HP12 3TZ	0 00
CC00	Close Premium Finance Limited	Commercial Lines, 21st Floor Tolworth Tower, Ewell Road, Tolworth, Surbiton, Surry, KT6 7EL	0 00
CD00	Denwa Communications Ltd	1 Vantage Court, Riverside Business Park, Barrowford, Lancashire, BB9 6BP	289 78
CD01	Mr N Defreitas	130a Merryoak Road, Southampton, Hampshire, SO14 7QN	0 00
CH01	HMRC - National Insolvency Unit - [VAT]	5th Floor, Regian House, James Street, Liverpool L75 1AD	50,527 84
CH02	HMRC - CT	CT Operations S1564, PO Box 3900, Glasgow, G70 6AA	6,249 57
CI00	HMRC - Insolvency (ICHU) (PAYE/NIC)	Room BP3202 Warkworth House, Benton Park View Longbenton, Newcastle Upon Tyne, NE98 1ZZ	202,672 72
CR00	Red Rose Employment Agency Ltd - Landlord	311 Hoe Street, Walthamstow, E17 9BG	42,500 00
CT00	Threads and Needles Ltd	105 Roycroft Avenue, Barking, Essex, IG11 0NS	6,580 54
CT01	Telecom Alarms Ltd	Ground Floor, 19-21 Fowler Road, Hainault, Essex, IG6 3UT	102 00
RK00	Mr Ashfaq Ahmad Khalish	30 Derby Road, Enfield, Middlesex, EN3 4AW	0 00
RM00	Mr Kevin John McLean - Ex Dir	45 Turner Avenue, Cranbrook, Kent, TN17 3BX	0 00
RP00	Mr Anthony Philip Peace - Ex Dir	244 Wolsey Way, Lincoln, LN2 4ST	0 00
<b>15 Entries Totalling</b>			<b>395,813.06</b>

Signature \_\_\_\_\_

## Rule 4.73 PROOF OF DEBT - GENERAL FORM

Form 4.25

**In the matter of Double Check Security Ltd  
and in the matter of The Insolvency Act 1986**

Date of Administration 10 September, 2013

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show -  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Admitted to Vote for £

Date

Liquidator / Chairman Signed

Software Supplied by Turnkey Computer Technology Limited, Glasgow

Added to IPS (tick)	
Date	
Who by	



## BAD DEBT RELIEF-EXPLANATORY NOTES

### 1 Entitlement to claim refund of VAT

1 1 If you are an unpaid creditor of the Company, you are entitled to claim a refund of value added tax ("VAT") paid in relation to a supply to the Company if

- (a) your supply was of goods or services and for a monetary consideration,
- (b) the supply was made on or after 1 April 1989,
- (c) the value of the supply did not exceed its open market value,
- (d) in the case of a supply of goods, the property in the goods has passed to the Company,
- (e) you have accounted and paid VAT on the supply,
- (f) you have written off all or part of the consideration as a bad debt in your accounts,
- (g) a period of one year has elapsed since the time of supply or, if the supply was made on or after 1 April 1992, a period of six months has elapsed since the time of supply,
- (h) you have not already made a claim for bad debt relief, and
- (i) you make a claim for a VAT refund to the Commissioners of Customs and Excise

1 2 If you wish to make such a claim, you must include the correct amount of the refund opposite the legend 'VAT reclaimed in this period on purchases and other inputs' on your tax return (i.e. Form VAT 100 or Form VAT 193) unless the Commissioners of Customs and Excise have allowed or directed otherwise. If, however, you are no longer required to make returns at the time when you become entitled to a refund because you have been deregistered, a claim must be made in such form and manner as the Commissioners may direct.

1 3 Before making a claim, you must (unless the Commissioners have allowed otherwise) hold the following documents in respect of each taxable supply upon which the claim is based

- (a) a copy of any tax invoice provided or, if there was no obligation to provide a tax invoice, a document which shows the time, nature and purchaser of the supply and the consideration for it,
- (b) records or any other documents showing that you have accounted for and paid the tax due on the supply, and
- (c) records or any other documents showing that the consideration has been written off in your accounts as a bad debt

### 2 Writing off a bad debt in the accounts

2 1 The whole or any part of the consideration for a supply is taken to have been written off as a bad debt when an entry is made in relation to that supply in the Refunds for Bad Debts Account. This applies whether or not a claim can be made in relation to that supply at that time.

2 2 The consideration written off in your accounts must be reduced by

- (a) any amount of money which you owe to the purchaser which can be set off, and
  - (b) the value of any enforceable security held by you in relation to the purchaser.
- 'Security' for this purpose means
- (a) in relation to England, Wales and Northern Ireland, any mortgage, charge, lien or other security, and
  - (b) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and right of retention (other than a right of compensation or set-off)

### 3 Refunds for Bad Debts Account

If you make a claim for a VAT refund, you must keep a record of that claim in a single account known as the Refunds for Bad Debts Account. This record must show the following information in respect of each claim unless the Commissioners allow otherwise.

- (a) the outstanding amount to which the claim relates,
- (b) the amount of the claim,
- (c) the prescribed accounting period in which the claim was made, and
- (d) the following information in respect of each taxable supply upon which a claim is based:
  - (i) the amount of VAT chargeable,
  - (ii) the prescribed accounting period in which the VAT chargeable was accounted for and paid to the Commissioners,
  - (iii) the date and number of any tax invoice issued in relation to the supply or, if there was no such invoice, such information as is necessary to identify the time, nature and purchaser of the supply, and
  - (iv) any payment received for the supply

### 4 Preservation of documents and records and duty to produce

4 1 Unless the Commissioners allow otherwise, you must preserve the documents, invoices and records required to support your claim for a period of four years from the date of making the claim.

4 2 Upon demand made by an authorised person, you must produce or cause to be produced any of the documents, invoices and records supporting your claim for inspection by that person and you must permit him to remove them at a reasonable time and for a reasonable period.

5 Calculation of the outstanding amount

5 1 You are entitled to a refund of VAT chargeable by reference to the 'outstanding amount' This is determined as follows

- (a) if no payment has been received at the time when a claim is made, an amount equal to the consideration written off, or
- (b) if one or more payments have been received at the time when a claim is made, the amount by which the consideration written off exceeds the payment (or the aggregate of the payments) received

5 2 If you have made two or more supplies (whether taxable or otherwise) to the Company, and a payment has been received in relation to those supplies, the following rules apply for attributing payments to each such supply

- (a) first, a payment is attributed to a specific supply if a payment was allocated to that supply by the Company at the time of payment and the consideration for that supply was paid in full,
- (b) secondly, any other payment is attributed to the supply which is earliest in time and, if not wholly attributed to that supply, the balance is attributed to supplies in chronological order, and
- (c) if the earliest supply and the other supplies to which the whole payment could be attributed occur on one day, or if the supplies to which the balance of the payment could be attributed occur on one day, the payment is attributed to those supplies in ratio to the outstanding consideration for each supply

6 Repayment of amounts refunded

6 1 If you have received a VAT refund following a claim, you must make a repayment to the Commissioners if

- (a) you receive a payment in respect of the taxable supply upon which your claim was based, or
- (b) you receive a payment in respect of two or more supplies and all or part of it is attributed to one or more supplies upon which your claim was based

6 2 The amount to be repaid is calculated as follows

$$\frac{A}{B} \times C$$

where

A is the amount received or attributed to a taxable supply on which the claim was based,

B is the amount of the outstanding consideration, and

C is the amount of the refund or, if a payment has subsequently been received, the balance thereof

6 3 A repayment is to be made by including the amount concerned opposite the legend 'VAT due in this period on sales and other outputs' on your VAT return (i.e. Form VAT 100 or Form VAT 193) for the prescribed accounting period in which the payment is received. If, however, you are no longer required to make returns at the time when you are required to make a repayment because you have been deregistered, a repayment is to be made at such time and in such form and manner as the Commissioners may direct

6 4 You are also required to make a repayment to the Commissioners (unless they allow otherwise) if you fail to comply with the requirements relating to

- (a) the evidence required to be held before a claim is made,
- (b) the Refunds for Bad Debts Account,
- (c) the preservation and production of documents and records, or
- (d) the attribution of payments

7 Assessment

In any case where an amount has been paid or credited to you as being a VAT refund for any prescribed accounting period, the Commissioners may assess

- (a) the amount which ought not to have been paid or credited,
- (b) the amount which would not have been paid or credited if the facts had been known, or
- (c) the amount which would not have been paid or credited if the facts had been as they later turn out to be

8 Appeal

An appeal lies to a VAT tribunal against a decision of the Commissioners with respect to

- (a) a claim for a VAT refund, and
- (b) an assessment, or the amount of an assessment, in respect of a period for which a return has been made

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**APPENDIX V**

**Summary of Receipts and Payments for the period  
10 September 2013 to 29 October 2013**

**Double Check Security Ltd**  
**(In Administration)**

**Administrator's Abstract Of Receipts And Payments**

	Statement of affairs £	From 10/09/2013 To 29/10/2013 £	From 10/09/2013 To 29/10/2013 £
<b>RECEIPTS</b>			
Goodwill / IP		3,500 00	3,500 00
Factored Book Debts	145,662 55	0 00	0 00
Barclays Bank Plc	NIL	0 00	0 00
Furniture & Equipment	NIL	0 00	0 00
Contracts / WIP	12,500 00	4,718 75	4,718 75
Misappropriated Funds	Uncertain	0 00	0 00
Goodwill / IP	14,000 00	1,218 75	1,218 75
Cash at Bank - Barclays Bank Plc	829 17	829 17	829 17
		<u>10,266 67</u>	<u>10,266 67</u>

**PAYMENTS**

Bibby Financial Services Limited	(86,890 61)	0 00	0 00
Trade & Expense Creditors	(6,972 32)	0 00	0 00
HM Revenue & Customs - Corp Tax	(6,249 57)	0 00	0 00
HM Revenue & Customs - PAYE/NIC	(202,672 72)	0 00	0 00
Landlord	(42,500 00)	0 00	0 00
HM Revenue & Customs - VAT	(50,527 84)	0 00	0 00
Ordinary Shareholders	(2 00)	0 00	0 00
		<u>0 00</u>	<u>0 00</u>

**BALANCE - 29 October 2013**

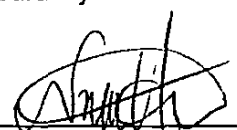
10,266.67

**MADE UP AS FOLLOWS**

Bank 1 Current	10,266 67
	<u><u>10,266 67</u></u>

**Note**

All sums shown are net of any VAT Any VAT payable, recoverable or suffered is disclosed separately

  
Ninos Kournettou  
Administrator

## **APPENDIX VI**

### **Statement of Insolvency Practice 9 Time summary for Pre-appointment costs**

# Time Entry - SIP9 Time & Cost Summary

DO31097 - Double Check Security Ltd  
Project Code PREAPPT  
From 05/07/2013 To 10/09/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	8.00	11.90	4.10	0.00	24.00	6,595.00	274.79
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	1.00	0.00	0.00	1.00	250.00	250.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.50	1.90	0.30	0.00	2.70	710.00	262.96
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>8.50</b>	<b>14.80</b>	<b>4.40</b>	<b>0.00</b>	<b>27.70</b>	<b>7,555.00</b>	<b>272.74</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

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## **APPENDIX VII**

### **Analysis of Time Costs & Disbursements For the period 10 September 2013 to 29 October 2013**

# Time Entry - SIP9 Time & Cost Summary

DO31097 - Double Check Security Ltd  
Project Code POSTAPPT  
From 10/09/2013 To 29/10/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	6.60	8.90	18.20	1.10	34.80	8,244.50	236.91
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.20	1.20	0.00	1.40	290.00	207.14
Investigations	0.00	0.00	1.20	3.00	4.20	615.00	146.43
Realisation of Assets	2.20	7.20	3.40	0.00	12.80	3,250.00	253.91
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>8.80</b>	<b>16.30</b>	<b>24.00</b>	<b>4.10</b>	<b>53.20</b>	<b>12,399.50</b>	<b>233.07</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	



## **APPENDIX VIII**

### **A Creditors' Guide to Administrator's Fees & Practice Fee Recovery Policy**

## **PRACTICE FEE RECOVERY POLICY FOR ALEXANDER LAWSON JACOBS**

**EFFECTIVE FEBRUARY 2013**

### **Introduction**

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court. Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at [www.aljuk.com](http://www.aljuk.com) by clicking on the downloads link. Alternatively a hard copy may be requested by contacting AlexanderLawsonJacobs, 1 Kings Avenue, Winchmore Hill, London, N21 3NA.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under the old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

### **Time cost basis**

This is the basis that we use in the majority of cases and we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

### **Chargeout Rates**

<b>Grade of staff</b>	<b>Current charge-out rate per hour, effective from 1<sup>st</sup> January 2013 £</b>	<b>Previous charge-out rate per hour, effective from 1<sup>st</sup> January 2012 £</b>
Partner – appointment taker	£350	£350
Manager	£250	£250
Senior Administrator	£200 - £220	£170 - £220
Assistance and Support staff	£ 50 - £125	£ 50 - £125

These charge-out rates are reviewed annually in January each year and are adjusted to take account of inflation and the firm's overheads

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories

Administration and Planning  
Investigations  
Realisation of assets  
Debtors  
Creditors  
Employee matters  
Trading

#### **Percentage basis**

The new legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

#### **Fixed fee**

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

#### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

#### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

## **Disbursements**

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

**Category 1 expenses** are directly referable to an invoice from a third party, which is either in the name of the estate or Alexander Lawson Jacobs, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance, company search fees and postage.

It is sometimes necessary to instruct an agent to collect debts on cases. Insolvency Advisory Consultants Limited t/as IAC Debt Recovery, are experienced in the recovery of such debtors to pursue recovery of these amounts. IAC work on a no win no fee basis, and in the event they make collections on a case, their charges are based on the age of the debts and are as follows:

- Under 6 months 10%
- Over 6 months but under 12 months 15%
- Over 12 months 20%

It is considered that IAC offer competitive rates and have a good debtor recovery rate and would only be instructed on cases where it is considered appropriate to do so.

In accordance with best practice, I must advise creditors that the director and shareholder of IAC is Michael Iacovides, an ex-employee of Alexander Lawson Jacobs and the son of a former director and shareholder of that company and historically employees of Alexander Lawson Jacobs were associated with IAC. Where a connected person provides a service, payment should not be made unless it is approved in the same way as office holder's remuneration or category 2 disbursements. Given the relationship, it is not considered that IAC are a connected party which requires such approval. This information is being provided in the interest of transparency.

**Category 2 expenses** are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

It is proposed that the following Category 2 disbursements are recovered:

Room Hire	£75.00
Mileage	in accordance with HMRC approved mileage rates at the date incurred
Photocopying	8p per page

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

### **ENGLAND AND WALES**

#### **1 Introduction**

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explain the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

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

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

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

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

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

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

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

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

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed:
- as a percentage of the value of the property which the administrator has to deal with,
  - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
  - as a set amount.

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

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

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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

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

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

having regard to the same matters as the committee would.

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

4.4 A resolution of creditors may be obtained by correspondence.

## **5 Review of remuneration**

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request

that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

## **6 Approval of pre-administration costs**

**6 1** Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

**6 2** Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4 3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

**6 3** The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

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

### **7 1 When fixing bases of remuneration**

**7 1 1** When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

**7 1 2** If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.

**7 1 3** The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

**7 1 4** If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

## **7.2 After the bases of remuneration have been fixed**

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8.1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

## **7.3 Disbursements and other expenses**

**7.3.1** Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

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

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

**7.3.2** The following are not permissible:

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the administrator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

## **8 Progress reports and requests for further information**

**8.1** The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),



- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses

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

**8.3** The administrator must provide the requested information within 14 days, unless he considers that

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

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

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

## **9 Provision of information – additional requirements**

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period.

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

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

**10 What if a creditor is dissatisfied?**

- 10 1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 10 2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8 1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.
- 10 3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

**11 What if the administrator is dissatisfied?**

- 11 1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

**12 Other matters relating to remuneration**

- 12 1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 12 2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.
- 12 3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 12 4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

### **13      Effective date**

This guide applies where a company enters administration on or after 1 November 2011

## **Appendix**

### **Suggested format for the provision of information**

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

#### **Narrative overview of the case**

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the administrator,
- the administrator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- 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,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration.

#### **Time cost basis**

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
  - details of work undertaken during the period, related to the table of time spent for the period,
  - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
  - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested 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 level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted

## CREDITOR QUESTIONNAIRE

INVESTIGATION INTO THE AFFAIRS OF **Double Check Security Ltd (In Administration)**

Creditor's Name and Address

Estimated Claim

If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?

Please provide details of any comfort, security or assurance given to you to allow continuance of credit

When were you first aware that there were difficulties in getting payment and what was the evidence of this? e.g. extended credit, lump sum payments, dishonoured cheques

Please provide details, including dates, of any writ, summons, decrees or other legal action you took to recover your debt

Please provide details of any cheques which were dishonoured, including dates and amounts

Are there any particular matters you feel should be reviewed? If so, please provide brief details

Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_ (Block Capitals Please)

Position \_\_\_\_\_

## Proxy (Administration)

## Double Check Security Limited – In Administration

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Name of Proxy Holder

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Monday 18 November 2013, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

Voting Instructions for resolutions

\*Please delete as appropriate

1 For the acceptance/rejection\* of the administrator's proposals/revised proposals\* as circulated

2 For the appointment of \_\_\_\_\_

of \_\_\_\_\_

representing \_\_\_\_\_

as a member of the creditors' committee

This form must be signed

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

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_

\_\_\_\_\_

Remember there may be resolutions on the other side of this form

**THE INSOLVENCY RULES**  
**RULE 2.38**

**ENTITLEMENT TO VOTE FOR VOTING PURPOSES AT THE CREDITORS MEETING**

**2.38(1) [Conditions for voting]** Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

- (a) he has given to the administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which-
  - (i) he claims to be due to him from the company, or
  - (ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,
- (b) the claim has been duly admitted under the following provisions of this Rule, and
- (c) there has been lodged with the administrator any proxy which he intends to be used on his behalf, and details of the debt must include any calculation for the purposes of Rules 2 40 to 2 42

**2.38(2) [Voting despite failure to comply with r.2.38(1)(a)]** The chairman if the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control

**2.38(3) [Call for documents to substantiate claim]** The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim

**2.38(4) [Calculation of votes]** Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2 85 as if that Rule were applied on the date that the votes are counted

**2.38(5) [Unliquidated debts]** A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose

**2.38(6) [Votes cast only once]** No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting

**2.38(7) [Creditor's vote priority over member State liquidator]** Where –

- (a) a creditor is entitled to vote under this Rule,



- (b) has lodged his claim in one or more sets of other proceedings, and
- (c) votes (either in person or by proxy) on a resolution put to the meeting, and
- (d) the member State liquidator casts a vote in respect of the same claim, only the creditor's vote shall be counted.

**2.38(8) [Voting in more than one set of proceedings] Where-**

- (a) a creditor has lodged his claim in more than one set of other proceedings, and
- (b) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings

**2.38(9) [Creditor and member State liquidator or single claim]** For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim

**2.38(10) ["Other proceedings"]** For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State