

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)	Company number 04652873
In the BRISTOL DISTRICT REGISTRY	Court case number 3035 / 2009

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

I/ We (a)

SIMON FRANKLIN PLANT AND DANIEL PLANT
9 ENSIGN HOUSE
ADMIRALS WAY
MARSH WALL
LONDON
E14 9XQ

* Delete as applicable

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

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

(b) Insert date

(b) 4 December 2009

Signed

[Signature]
Joint Administrator(s)

Dated

4 December 2009

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

S F P, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ.

Tel 0207 538 2222

DX Number

DX Exchange



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Companies House, Crown Way, Cardiff, CF14 3UZ

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Aanda Travel Services Limited (In Administration)

**Report to Creditors and
Statement of Proposals
Pursuant to Paragraph 49(1) of
Schedule B1 to the Insolvency Act 1986**

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MIPA MABRP**

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Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

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1. Executive Summary

SECTION/APP. REFERENCE

- | | |
|--|---|
| <p>1.1 The Company was placed into Administration on 10 November 2009. The purpose of rescuing the Company as a going concern was not achievable. The primary purpose of the Administration was therefore 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).</p> | <p>Section 5</p> |
| <p>1.2 The Company traded as a private hire vehicle operator providing a chauffeur and shuttle bus service. Its registered office was Second Floor Suite, 57-59 High Street, Hoddesdon, Hertfordshire, EN11 8TQ, with trading premises located at Unit 4, Garden Court Business Centre, Tewin Road, Welwyn Garden City, Herts, AL7 1BH and Unit 3, Broxbourne Business Centre, Fairways, Cheshunt, Herts, EN8 ONJ.</p> | <p>Section 4
and Appendix I</p> |
| <p>1.3 The Company had been experiencing significant cash flow difficulties despite entering into an invoice discounting agreement with Lloyds TSB Commercial Finance Limited ("Lloyds").</p> | <p>Section 4
And Appendix II</p> |
| <p>1.4 The Company became concerned about its ability to pay HM Revenue and Customs. As a result in November 2009, the decision was taken by the sole Director to place the Company in to Administration.</p> | <p>Section 4
And Appendix II</p> |
| <p>1.5 It was envisaged that the primary purpose of the Administration would be achieved by the sale of the business and assets on a going concern basis. Long term trading of the business was not an option given the risk of losing the Company's major customer and loss of the private hire vehicle operators' licenses. The Joint Administrators were however able to secure a sale of the Company's business and assets.</p> | <p>Section 6</p> |
| <p>1.6 The purpose of Administration is still in the process of being achieved and there is still a significant amount of work to be undertaken. This includes collection of the deferred sale consideration, effecting realisations in respect of debtor recoveries and continued investigations into the Company's affairs. The Joint Administrators' consider that it may be advisable for the Company to continue in Administration for the time being. However, they require the option of placing it into Creditors' Voluntary Liquidation for distribution purposes in the unlikely event that there are sufficient realisations in the Administration for a dividend to unsecured creditors. Alternatively, the Joint Administrators will file notice of dissolution of the Company at Companies House should they take the view that the Company has no property which might permit a distribution to its creditors, unless they believe that they should present a winding up petition at court, so that a liquidator can be appointed to further investigate the Company's affairs. It is not proposed to convene a meeting of creditors.</p> | <p>Sections 7, 11 and 12</p> |
| <p>1.7 There has been a limited response to the questionnaire that was sent to creditors. Responses may assist the Joint Administrators with their general investigation duties. Accordingly, those who have not replied are urged to do so.</p> | <p>Section 13</p> |

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2. Introduction

- 2.1 This Report and Statement of Proposals ("the Report") is prepared pursuant to Schedule B1, Paragraph 49 of the Insolvency Act 1986, ("the Act") in relation to Aanda Travel Services Limited (in Administration) ("the Company"), the purpose of which is to provide creditors with a full update as to the present position and seek creditors approval of the next stage of proceedings.
- 2.2 The Report also includes information required to be provided to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986 ("the Rules"). All statutory information pertaining to the Company is set out in **Appendix I**.

3. The Joint Administrators' Appointment

- 3.1 On 9 November 2009 Notice of Intention to Appoint an Administrator ("Notice of Intention") was served upon the Company's qualifying floating charge holder, Lloyds TSB Commercial Finance Limited ("Lloyds"). Lloyds did not object to the appointment of the Joint Administrators.
- 3.2 On 10 November 2009, Notice of Appointment of an Administrator was presented to Bristol District Registry and endorsed with the No. 3035 of 2009. Both Simon Franklin Plant and Daniel Plant of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London E14 9XQ were appointed Joint Administrators ("the Joint Administrators"). Pursuant to Schedule B1, Paragraph 100(2) of the Act, the Joint Administrators act jointly and severally.

4. Company History and Events Leading to the Administration Order

- 4.1 Albeit that statutory information is contained in **Appendix I**, this report provides brief details in relation to the Company's history.
- 4.2 The Company was incorporated in January 2003 and provided a Chauffeur and shuttle bus service. The Company's registered office was Second Floor Suite, 57-59 High Street, Hoddesdon, Hertfordshire, EN11 8TQ and the trading premises were at Unit 4, Garden Court Business Centre, Tewin Road, Welwyn Garden City, Herts, AL7 1BH ("the Welwyn Trading Premises") and at Unit 3, Broxbourne Business Centre, Fairways, Cheshunt, Herts, EN8 ONJ ("the Broxbourne Trading Premises").
- 4.3 As at the date of Administration, Andrew Janes ("Mr Janes") was appointed as Director. Lisa Janes ("Ms Janes") was appointed as Company Secretary. A full list of historic Company appointments is scheduled at **Appendix I**.
- 4.4 The Company derived its turnover from a number of different customers. However, most of the Company's revenue was derived from the Chauffeur and shuttle bus service operated for their major customer, Tesco.
- 4.5 Over the last three years, the Company's profitability reduced significantly from circa £200k in 2007 to £10k in 2009. The decrease in profits was driven by the increase in vehicle expenses as the Company expanded its fleet of vehicles. Further, other expenses such as fuel, insurance and vehicle hire costs increased significantly reducing the Company's profit margins and cash flow.
- 4.6 The Company's business was predominantly generated from account customers. Accordingly, in 2006 the Company entered into an invoice discounting agreement with Lloyds.

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- 4.7 Notwithstanding the use of the factor, the Company's cash flow in 2009 was under significant pressure. Accordingly, the Company was unable to pay its debt to HM Revenue & Customs ("HMRC").
- 4.8 The Company submitted a payment plan to HMRC in March 2009. However, in September 2009 the Company had missed a couple of weekly payments. Accordingly, at the end of September HMRC passed the matter on to their Debt Recovery Department. It is understood that the Company subsequently received notification that HMRC were going to instruct bailiffs to distrain over the Company's assets.
- 4.9 Given the Company's financial difficulties, it sought the advice of its accountants who confirmed the Company's insolvency. Mr Janes informed Lloyds of the position who referred him to SFP. In turn, SFP confirmed the most appropriate course of action would be for it to be placed into Administration.
- 4.10 The Company's most recent filed accounts cover the year ending 31 March 2008 and are abbreviated. The balance sheet reflects that the Company had a net current asset position of £263,557. However, the cash position had reduced to nil. From April 2008 onwards the Company's position deteriorated with large payments for outstanding amounts to HMRC, significantly reducing the Company's cash position.
- 4.11 The Company held bank accounts with Lloyds Bank Plc. Confirmation of the account balances are yet to be obtained, although information concerning the accounts has been requested by the Joint Administrators. It is believed that the account is circa £40,000 overdrawn.
- 4.12 On 10 November 2009 the Notice of Appointment was filed at Bristol District Registry and endorsed with the No. 3035 of 2009, appointing Simon Plant and Daniel Plant of SFP as Joint Administrators, at 10:37.
- 4.13 At Appendix II is an Estimated Statement of Affairs as at the date that the Company was placed into Administration ("the Statement of Affairs"). The Statement of Affairs indicates that the Company was insolvent on a balance sheet basis with a deficiency to creditors of £88,395.

5. The Purpose of the Administration

- 5.1 The purposes of an Administration are set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of:
 - 5.1.1 rescuing the Company as a going concern, or
 - 5.1.2 achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration), or
 - 5.1.3 realising assets in order to make a distribution to one or more secured or preferential creditors.
- 5.2 The purposes are therefore a hierarchy of objectives. The rescue of a company is the priority. Next is to instead achieve a better return to the creditors as a whole. In the event that this cannot be achieved then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.
- 5.3 In light of the insolvency of the Company, the initial purpose relating to its rescue could only be achieved through a company voluntary arrangement. This was not considered to be achievable; although it appeared that the second purpose was a viable option. Full details concerning progress in respect of this purpose are set out in **Section 7**.

6. Events Following the Joint Administrators' Appointment Leading to Initial Strategy

- 6.1 As a rescue of the Company was not possible, the primary purpose of the Administration was to obtain a better result for the creditors as a whole than would be achieved if the Company was simply wound up (without first being in Administration). This would potentially be achieved with the assistance of a statutory moratorium, which protects a company when it is placed into Administration. The moratorium effectively prevents all creditors' actions being taken or progressed without leave of the Court or the Administrator's consent, thereby providing a company with breathing space in which a strategy can be invoked to maximise realisations.
- 6.2 Upon appointment, members of SFP's Administration department, debt recovery division, SFP Recoveries Limited ("SFP Recoveries") and storage division, SFP Datastore Limited ("SFP Datastore") (collectively, "the Administration Team") attended the Trading Premises. Valuation agents, Edward Symmons ("ES") were instructed to assist the Joint Administrators in preparing an inventory and valuation of the Company's business and assets.
- 6.3 The Administration Team met Mr Janes at the Trading Premises. Mr Janes was provided with the standard Directors pack explaining the impact of the Administration and his fiduciary duties going forward. It was explained to him that he was required to assist the Administration team in obtaining further information that would assist in the discharge of the Joint Administrators' duties.
- 6.4 The Company's financial data was reviewed in order to construct a cash flow forecast. The cash flow forecast would assist the Joint Administrators in their decision regarding the strategy going forward.
- 6.5 It was determined that the cash flow forecast was positive but required an advance from Lloyds in order to fund the immediate expenditure such as payment of wages and fuel. This was required to be paid to ensure continuity of business whilst ES completed their valuation of the Company's business and assets and the Joint Administrators' determined the strategy.
- 6.6 ES carried out a valuation of the business and assets on both an in-situ and ex-situ basis. This was required in the event that a sale could be achieved in respect of the Company's business and assets with either the Company's management or a third party.
- 6.7 Whilst ES carried out the valuation, the Administration Team had to be available to work 20 hours per day for ten days (including the weekend). Accordingly, significant costs were incurred in keeping the business alive.
- 6.8 ES confirmed that trading the business and undertaking a marketing campaign to third parties would not be feasible given that there were no contractual arrangements in place with the Company's customers. Further, the Company's major customer, Tesco were becoming increasingly concerned about the Company's position.
- 6.9 Along with the risk of losing a major customer, there was the constant threat that the Company's private hire vehicle operators' licences would be withdrawn. Accordingly, it looked to be the case that a sale of the Company's business and assets would need to take place as quickly as possible to avoid the erosion of the Company's goodwill.

7. General Progress In Relation to the Administration

Sale of the Business and Assets

- 6.10 ES were aware of a number of parties interested in purchasing the Company's business and assets. During discussions with Mr Janes, it was established that he was interested in purchasing the Company's

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business and assets through a company of which he was the sole director, Herts Taxi and Chauffeur Services Limited ("HTCS").

- 7.1 By midday 17 November 2009 all parties were invited to make final offers for the Company's business and assets. Mr Janes was the only party to make a formal offer.
- 7.2 Accordingly, the Joint Administrators' team commenced negotiations with Mr Janes on behalf of HTCS, who had submitted the best offer of £30,000 for the Company's business and assets. This offer was deemed to be derisory and was not endorsed by ES. HTCS were advised to make a revised offer.
- 7.3 The following day negotiations continued. A revised offer was made for £50,000. However this offer was still not acceptable to the Joint Administrators. Negotiations continued throughout the day. Accordingly, a final revised offer was received by the Joint Administrators for £75,000 on a deferred basis for 10 months.
- 7.4 Accordingly, this offer was endorsed by ES who stated that in the circumstances the consideration represented an acceptable recovery for the estate.
- 7.5 The solicitors assisting in this matter, Clarke Willmott ("Clarke") were instructed to draft the sale and purchase agreement ("SPA"). The SPA was duly signed on 19 November 2009.

Statement of Insolvency Practice 13 ("SIP 13")

- 7.6 SIP 13 provides that the Joint Administrators should provide certain details concerning the sale of a business as a going concern to connected parties. Given that Mr Janes was a connected party, being a director of the Company and HTCS, creditors are entitled to be provided with the following information:
 - 7.6.1 the consideration for the purchase of the business and assets sold was £75,000. The terms of the sale provided for £7,500 to be payable on 1 December 2009 and, £6,750 to be payable on the last business day of the calendar months December 2009 to September 2010 (inclusive).
 - 7.6.2 the Joint Administrators understand that Mr Janes did not take independent legal advice in relation to the purchase;
 - 7.6.3 the sale had to be completed as quickly as possible given that continued trading was not viable. Accordingly, the sale took place without consultation to the Company's creditors; and
 - 7.6.4 the sale consideration has not yet been paid in full.

Debtors

- 7.7 As at the date of the placing of the Company into Administration, it is understood that its ledger was circa £122,000 with Lloyds' outstanding commitment of circa £72,000.
- 7.7 Lloyds are collecting the outstanding debts and SFP Recoveries are on hand to assist if necessary. In the event of Lloyds being repaid in full, SFP Recoveries shall seek to have the sales ledger reassigned and attempt to recover any outstanding balances for the benefit of the Administration.

The Company's Trading Premises

- 7.8 It is understood that the Company occupied the Welwyn Trading Premises pursuant to a lease agreement with June Colville Wright. Further, the Broxbourne Trading Premises were occupied pursuant to a lease agreement with the Council of the Borough of Broxbourne.
- 7.9 The Joint Administrators' property arm, SFP Property Limited ("SFP Property") has been instructed to review the position at the Company's Trading Premises, in order to provide a valuation and assist with the disposal of any formal agreements.

Investigation into the Company's Affairs Prior to the Administration

- 7.10 Investigations into the Company's affairs prior to it being placed into Administration are to be undertaken by another entity associated with the Joint Administrators firm, SFP Forensic Limited ("SFP Forensic").

Miscellaneous

- 7.11 The Company's books and records have been recovered from the Trading Premises by another entity associated with the Joint Administrators' firm, SFP Datastore Limited ("SFP Datastore"). An inventory has been prepared and the books and records will continue to be stored by them.

8. The Statement of Affairs and the Outcome for Creditors / Joint Administrators Receipts and Payments

- 8.1 Based upon current information, it is unlikely that there will be a dividend to unsecured creditors. At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration, completed by the Joint Administrators.
- 8.2 In addition to this is a list of creditors whose details have been obtained from the Company's records and whose claims have been lodged. Please note that the £0.00 balances denote claims that are yet to be lodged onto the Joint Administrators system and does not mean that the claim has been rejected or agreed.
- 8.3 Attached at **Appendix III** is the Joint Administrators Income and Expenditure Account for the period 10 November 2009 to 25 November 2009.

9. The Joint Administrators' Costs

- 9.1 From the outset the Joint Administrators arranged for members of their team to be present at the Company's trading premises in order to react to any immediate issues.
- 9.2 To date, the Joint Administrators have undertaken, inter alia, the following actions:
- 9.2.1 initial review of the trading position and ascertaining the feasibility of continued trading;
 - 9.2.2 liaising with the director and associated parties in order to deal with immediate issues;
 - 9.2.3 negotiating the sale of the business and assets;
 - 9.2.4 liaising with employees concerning the Administration;
 - 9.2.5 reviewing the Company's books and records;
 - 9.2.6 liaising with SFP Recoveries and Lloyds concerning the sales ledger, including the reproduction of invoices and advance of funds; and

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- 9.2.7 undertaking all statutory measures including updating creditors, advertising and filing requisite documents and forms at Companies House.
- 9.3 At **Appendix IV** is a breakdown of the time that has been incurred by SFP to date. At **Appendix XI** is a Guide to Administrators and Liquidators Fees, being Statement of Insolvency Practice 9.
- 9.4 At **Appendix V** is a breakdown of the time that has been incurred by SFP Property to date.
- 9.5 At **Appendix VI** is a breakdown of the time that has been incurred by SFP Recoveries to date.
- 9.6 At **Appendix VII** is a breakdown of the time that has been incurred by SFP Datastore to date.
- 9.7 At **Appendix VIII** is a breakdown of the time that has been incurred by SFP Forensic to date.
- 9.8 At **Appendix IX** is a guide to SFP and its associated entities charge out rates and disbursement rates.
- 9.9 The Joint Administrators do not anticipate a distribution to unsecured creditors as detailed in **Section 11** and are seeking to dispense with a creditors' meeting pursuant to Schedule B1, Paragraph 52. Rule 2.106 (5A) of the Rules provides that in the event of a creditors' meeting not being held, remuneration may be fixed by the approval of:
- 9.9.1 each secured creditor of the company, or
- 9.9.2 if the administrator has made or intends to make a distribution to preferential creditors;
- 9.9.2.1 each secured creditor of the company; and
- 9.9.2.2 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.
- 9.10 The Joint Administrators propose that their remuneration be on a time cost basis, being the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration under Rule 2.106(2) of the Rules.
- 9.11 In accordance with the above, each secured creditor has been provided with a copy of these proposals. In addition and for the sake of good order, authority from the unsecured creditors is also being sought. Unless any objection to the proposed basis of remuneration is notified to the Joint Administrators within 12 days from the date on which the proposals are sent out, the Joint Administrators will deem the basis of their remuneration to have been approved by both the secured creditors and the unsecured creditors.
- 9.12 Disbursements and specific expenditure relating to the administration of an insolvent estate and payable to an independent third party are recoverable without creditor approval. Such expenditure is made, if funds are available from the insolvent estate. If funds are not available the payment is made from this firm's office account and this firm is reimbursed from the insolvent estate if and when funds become available.
- 9.13 Payments made out of a firm's office account and re-charged to an insolvent estate are defined as 'Category 1 Disbursements'. This disbursement is explained further under the expenses and Disbursements heading in the Guide to Administrators and Liquidators fees at **Appendix XI**. The following Category 1 disbursements have been incurred to date and are yet to be recharged:

Expenses	£	371.45
Fuel expenses	£	1,114.36

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|---------|---|-------|
| Postage | £ | 34.78 |
|---------|---|-------|

- 9.16** SFP Forensic, SFP Recoveries, SFP Property and SFP Datastore are entities which are associated with the Joint Administrators firm, SFP ("the Associated Entities"). Pursuant to SIP 9 payments made to outside parties in which the office holder or his firm or any associate has an interest should be treated as a Category 2 Disbursement. In accordance with SIP 9 the following information is provided concerning the Associated Entities:

- 9.16.2** the Associated Entities remuneration is on an hourly time cost basis, divided into 6 minute units and calculated as follows:

*The charge out rates detail the bands that will be applied dependent upon the grading of staff required to deal with any one specific assignment. Please note that these may fluctuate/alter during the course of the Administration or the placing of the Company into a subsequent insolvency regime.

- #### 10. Additional Points Required to Be Made Pursuant to the Rules

- 10.1** For creditors' general information, the EC Regulations on insolvency proceedings do apply in this case, and these proceedings are the main proceedings.
- 10.2** Pursuant to Schedule B1, Paragraph 47(1) of the Act, the Joint Administrators may request one or more relevant persons to provide a Statement of Affairs of the Company.
- 10.3** The Joint Administrators do not consider that the prescribed part defined under section 176A of the Act will be payable and therefore do not intend to make an application to Court pursuant to section 176A(5) of the Act.

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11. The Dispensing Of A Meeting of Creditors

- 11.1 Pursuant to Schedule B1, Paragraph 51(1) a copy of the Administrator's statement of proposals must be accompanied by an invitation to a creditors meeting. However, this requirement may be dispensed with in circumstances where there is likely to be nothing of substance that the creditors meeting could decide.
- 11.2 These circumstances are set out in Paragraph 52(1) which provides that the need to convene a meeting shall not apply where the statement of proposals states that the Administrator thinks that:
- 11.2.1 the company has sufficient property to enable each creditor of the company to be paid in full,
- 11.2.2 the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of payment through the prescribed element of floating charge realisations, or
- 11.2.3 the only objective of the Administration which the Administrator thinks is capable of achievement is realising property in order to make a distribution to one or more secured or preferential creditors.
- 11.3 In this instance the Joint Administrators are of the view that 11.2.3 will apply in relation to the Company.
- 11.4 Notwithstanding this, the Joint Administrators shall be required to summon a meeting of creditors if it is requested by the Company's creditors whose debts amount to at least 10% of the total debts of the Company, by way of service of a Form 2.21B, within 12 days from the date on which the proposals are sent out.
- 11.5 If such meeting is requested it must be held within 28 days of the request being received by the Joint Administrators. Security must be given for the expenses of summoning and holding the meeting. At Appendix XII is a copy of the Form 2.21B should any creditor wish to request a meeting. If no meeting is requested the proposals will be deemed to be accepted pursuant to Rule 2.33(5) of the Rules.

12. The Joint Administrators' Proposal

- 12.1 Albeit that a sale of the assets has been achieved, the protection of the Administration is still required in order to finalise all outstanding matters. The prescribed time limit for an Administration is 12 months. In the event that an Administration lasts in excess of 12 months, the Joint Administrators have to obtain creditors approval or make an application to Court to extend its length.
- 12.2 It is a requirement, notwithstanding the fact that a company is left in Administration for the Joint Administrators to investigate the company's affairs and submit the appropriate D form to the Department of Business Innovation and Skills concerning the director's conduct.
- 12.3 In the event that there are or may be further realisations that result in a dividend to unsecured creditors the Joint Administrators shall seek to place the Company into Creditors Voluntary Liquidation in order to effect a distribution. In such circumstances they will be looking to take the appointment as Liquidators. In accordance with Schedule B1, Paragraph 83(7) of the Act and Rule 2.117(3), creditors are able to nominate a different person or persons as proposed Liquidator or Liquidators, provided that the nomination is made after the receipt of the proposals and before they are approved. As an alternative, and should there be no likely funds to distribute to unsecured creditors, that the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate.
- 12.4 It is proposed that the Creditors' Voluntary Liquidation would commence from the date of acknowledgement by the Registrar of Companies that the relevant notice has been filled at Companies

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House. This procedure, which is permitted by the Act would circumvent the need for an additional creditors meeting and keep costs to a minimum.

12.5 In light of the above, and in accordance with Schedule B1, Paragraph 49(1) of the Act, it is proposed by the Joint Administrators that:

12.5.1 the Administration of the Company continue in order to collect the deferred sale consideration and effect outstanding realisations of the Company's debtors and finalise any additional matters which require the assistance of the moratorium;

12.5.2 the Joint Administrators' remuneration be fixed by the time properly spent by them and their staff in attending to matters arising out of the Administration in accordance with Statement of Insolvency Practice 9 and that the Joint Administrators be authorised to draw remuneration as and when funds become available;

12.5.3 the Joint Administrators be authorised to recover all disbursements including category 2 disbursements as defined by the Statement of Insolvency Practice 9;

12.5.4 in the event that the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they shall be authorised to file a notice of dissolution of the Company pursuant to paragraph 84 of Schedule B1 to the Act;

12.5.5 in the event of a potential distribution being available to unsecured creditors, the Joint Administrators be appointed Joint Liquidators of the Company pursuant to paragraph 83 of Schedule B1 to the Act without further recourse to the creditors with the purpose of making a distribution to unsecured creditors and to continue investigation into the Company's affairs;

12.5.6 as an alternative to paragraphs 12.5.4 and 12.5.5 the Joint Administrators be able to seek to place the Company into Compulsory Liquidation in order to pursue such actions and bring proceedings that only a Liquidator is permitted to bring pursuant to the Act;

12.5.7 upon the placing of the Company into Liquidation under paragraph 12.5.5 or 12.5.6 or the necessary form being filed for the Company to be dissolved, the Joint Administrators be discharged from liability in respect of any action undertaken by them pursuant to Schedule B1, paragraph 98 of the Act; and

12.5.8 upon the placing of the Company into Liquidation, the Joint Liquidators' be authorised to act in a joint and several capacity.

13. Ancillary

Creditors Questionnaires

13.1 The response that has been forthcoming from the questionnaire provided to creditors has proved to be helpful in relation to the events that transpired up to the date that the Company was placed into Administration.

13.2 As previously stated in the first circular to the Company's creditors, responses that are received may prove integral to assist with investigations into the Company's affairs. Accordingly, if you have not previously provided a completed questionnaire, please do so, at your earliest convenience.

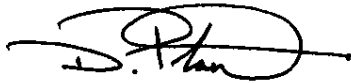
Aanda Travel Services Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

Directors Conduct

- 13.3 Pursuant to the Company Directors Disqualification Act 1986, it is the Joint Administrators and any subsequently appointed Liquidator's duty to submit a requisite report/form to the Department for Business Innovation and Skills concerning the directors' conduct.
- 13.4 The report/form must address all persons holding the position as director during the three years up to the date of the onset of insolvency. Please note that this is a standard requirement. Responses to creditors' questionnaires may prove extremely helpful concerning this.

If any creditor has any queries in relation to the above, please do not hesitate to contact either the Joint Administrators or the Senior Administrator dealing with this matter, Jonathan Seifert on 020 7538 2222.

Dated this 25th day of November 2009



Daniel Plant
Joint Administrator

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX I

- **Statutory Information**

Aanda Travel Services Limited – In Administration

Statutory Information As Reflected At Companies House

Company Number: 04652873

Date of Incorporation: 30 January 2003

Previous Names: None registered at Companies House

Nature of Business: Other business activities

Issued Share Capital: Lisa Janes – 2 shares issued at £1 shares
Andrew Janes – 2 shares issued at £1 shares

	Name	Appointed	Resigned
Director(s):	Andrew Janes	30/01/2003	-
	Alan Fuller	30/01/2003	30/09/2003
Company Secretary:	Lisa Janes	30/09/2003	-
	Andrew Janes	30/01/2003	30/09/2003
Current Registered Office:	9 Ensign House Admirals Way Marsh Wall Docklands London E14 9XQ		
Previous Registered Office:	Second Floor Suite 57-59 High Street Hoddesdon Hertfordshire EN11 8TQ		
Trading Address:	Unit 4 Garden Court Business Centre Tewin Road Welwyn Garden City Herts AL7 1BH		
Accountants:	Arthur A Howard & Co 2 nd Floor Suite 57-59 High Street Hoddesdon Herts EN11 8TQ		

Schedule of Outstanding Mortgages or Charges:

Name	Type of Charge	Registered	Satisfied
Lloyds TSB Commercial Finance Limited	Debenture	25/08/2006	Outstanding

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX II

- **Estimated Statement of Affairs as at 10 November 2009 / Creditors Details**

AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)

ESTIMATED STATEMENT OF AFFAIRS AS AT 10 NOVEMBER 2009

	Notes	Book Value £	Estimated to realise £
Assets (specifically pledged)			
Debtors	1	122,000	97,600
Less; Lloyds TSB Commercial Finance Limited	1	<u>-68,000</u>	<u>-68,000</u>
<i>Estimated surplus c/d</i>		54,000	29,600
Assets (not specifically pledged)			
Sale of assets	2	<u>75,000</u>	<u>75,000</u>
<i>Estimated total surplus available to creditors</i>		<u>129,000</u>	104,600
LIABILITIES			
UNSECURED CREDITORS			
HM Revenue & Customs - PAYE & NIC / VAT	3	-161,616	
Trade & expense	4	<u>-31,379</u>	
			-192,995
<i>Estimated deficiency as regards to creditors</i>			<u><u>-88,395</u></u>

NB Subject to the costs and expenses of the Administration

Aanda Travel Services Limited (in Administration) ("the Company")
Notes To Estimated Statement of Affairs as at 10 November 2009

1. The Company operated an invoice discounting facility with Lloyds TSB Commercial Finance Limited ("Lloyds"). A bad debt provision of 20% has been applied to the sales ledger. This is based on initial reviews which have highlighted potential bad debts and disputes.
2. The business and assets of the Company were sold for £75,000 to Herts Taxi and Chauffeur Services Limited ("HTCS"). Payments have been permitted on a deferred basis with security granted by way of personal guarantee.
3. The Crown has lost its preferential status. Full details of its indebtedness have yet to be received.
4. The figure stated in the Statement of Affairs is a total of the claims received to date plus the creditors per the Company's books and records.

S F P
Aanda Travel Services Limited

Key	Name	Address	£
CA00	W.R Armstrong	14 Rollswood, Welwyn Garden City, Herts, AL7 4DS	0.00
CA01	Imran Abbas	36 Brickley Road, Luton	0.00
CA02	Raja Mobeen Ahmed	33 St Catherine's Avenue, Luton, Beds	0.00
CA03	Mohammad Ali	190 Connaught Road, Luton, Beds	0.00
CA04	ATG Windscreens	25 Orchard Road, Stevenage, Herts, SG1 3HE	316.25
CA05	Atlas A2B Ace	5 Westbury, Cheshunt, Herts, EN8 9BD	572.70
CB00	John Bates	9 Holme Close , Garden Village, Hatfield, Herts	0.00
CB01	Paul Bonfield	74 Harwood Hill, Welwyn Garden City, AL8 7AN	0.00
CB02	British Telecom	BT UK Business Accounts, Providence Row, Durham, DH98 1BT	165.32
CB03	Blackhorse Finance	25 Gresham Street, London, EC2V 7HN	509.82
CC00	Martin Cooper	16 Lemsford Lane, Welwyn Garden City, AL8 6UU	0.00
CC01	Abu Chowdhury	10 Santingfield, South Luton	0.00
CC02	Chambers & Gilles	12 - 14 School Lane, Welwyn, Hertfordshire, AL6 9PH	1,139.01
CC03	3 Countries Vehicle Hire	Burners Lane South, Kiln Farm, Milton Keynes, Buckinghamshire, MK11 3LT	6,380.14
CC04	Charterhouse Print Management Limited	87 Great North Road, Hatfield, Herts	1,032.70
CC05	Close Motor Finance	Roman House, Roman Road, Doncaster, DN4 5EZ	201.96
CG00	K Glover	2d Regent Street, Stotfold	0.00
CH00	Suddaq Hussain	51 Claremont Road, Luton	0.00
CH01	Faisal Habib	9 Millfield Road, Luton, LU3 1RT	0.00
CH02	Syed M Hussain	36 Branaars Road, HP3 8JQ	0.00
CH03	David Hornett	63 Lemsford Lane, Welwyn Garden City, Herts, AL8 6YN	0.00
CH04	HM Customs & Excise	Insolvency Operations, Queens Dock, Liverpool, L74 4AF	0.00
CI00	Initial Washroom Solutions	PO Box 4975, Dudley, DY1 9FA	35.24
CJ00	Colin Jeffery	1 Stonecross Road, Hatfield, Herts, AL10 0HR	0.00
CJ01	JN Tyres Autocare Limited	7 Swallow End, Welwyn Garden City, Herts, AL7 1JA	829.75

CL00	G Loakes	83 Merlin Drive, Sandy, SG19 2JN	0.00
CL01	L Bennett & Son Limited t/a Bennetts	8 Langley Wharf, Railway Terrace, Kings Langley, Herts, WD4 8JE	189.20
CL02	Lloyds TSB Commercial Finance Limited	No. 1, Brookhill Way, Banbury, Oxon, OX16 3EL	0.00
CM00	K Mishina	98a St Albans Road, Watford	0.00
CM01	Zeeshan Malik	30 Wood Close, Hatfield, AL10 8TX	0.00
CM02	MBNA Business	Card Services, Royal Avenue, Widnes, WA88 1AX	9,792.20
CN00	Peter Newton	149 Hollybush Lane, Welwyn Garden City, AL7 4JT	0.00
CN01	Saghir Ahmed	37 Denbigh Road, Luton Beds	0.00
CO00	R.J Owen	35 Lemsford Lane, Welwyn Garden City	0.00
CO01	Ofoom	Riverside House, 2a Southwark Bridge Road, London, SE1 9HA	75.00
CR00	Waseem H Raja	6 Black Swan Lane, Luton, LU3 2LU	0.00
CR01	Abdur Rauf	76 Shaftesbury Road, Luton, LU4 8AN	0.00
CS00	Syed Shaia	20 Maiden Hall Road, Luton	0.00
CS01	Steve Sullivan	5 Moatwood Green, Welwyn Garden City, AL7 3SN	0.00
CT00	Transport Innovation Limited	The Charterhouse, Charter Mews, Beehive Lane, Gants Hill, Essex, 1GI 3RD	559.19
CT01	Taxi Meter Sales and Services Limited	94 Cowley Mill Road, Uxbridge, Middlesex, UB8 2QD	298.21
CT02	Tradex Insurance Company Limited	Fleet Department, Victory House, 7 Seltsdon Way, London E14 9GL	5,292.06
CV00	Viking Direct	Office Depot, Lancer House, Scudamore Road, Leicester, LE3 1UB	210.37
CW00	Malcom Williams	51 Furzefield Road, Welwyn Garden City, AL7 3RL	0.00
CW01	Welwyn Hatfield Council	The Campus, Welwyn Garden City, Herts, AL8 6AE	668.00
CW02	Williams Chauffeur Services Limited	75 The Hill, Blunham, Bedfordshire, MK44 3NQ	3,111.71
CW03			0.00
CY00	Asif Kamal Yousaf	120 Culverhouse Road, Luton	0.00
			31,378.83

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX III

- **Joint Administrators Income and Expenditure Account to 25 November 2009**

Aanda Travel Services Limited
(In Administration)

INCOME AND EXPENDITURE ACCOUNT

	Statement of affairs £	From 10/11/2009 To 25/11/2009 £
RECEIPTS		
Monies received from Lloyds Bank plc		8,715.83
		8,715.83
PAYMENTS		
Direct Labour		5,263.42
Fuel Costs		2,468.31
Statutory Advertising		145.84
Vat Receivable		21.88
		7,899.45
BALANCE - 25 November 2009		816.38

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX IV

- **Breakdown of Administrators Fees / Activity Codes**

SFP



AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 10 NOVEMBER 2009 TO 25 NOVEMBER 2009

CLASSIFICATION OF WORK FUNCTION	Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Administration and Planning	-	-	-	4.10	11.30	41.10	4.60	61.10
Investigation	-	-	-	-	-	-	-	0.00
Realisation of assets	-	10.90	-	-	21.00	0.30	-	32.20
Trading	7.50	22.90	-	-	108.00	33.00	-	171.40
Creditors	-	-	-	0.60	19.40	4.00	1.90	25.90
Total hours	7.50	33.80	-	-	159.70	78.40	6.50	290.60
Average rate £ per hour	450.00	400.00	-	-	225.00	150.00	75.00	227.98
Total costs £	3,375.00	13,520.00	-	-	35,932.50	11,760.00	487.50	66,250.00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

SIP 9 STANDARD ACTIVITY SUMMARIES

Standard Activity	Examples of Work
Administration and Planning	Case Planning Administrative set up Appointment and notification Maintenance of records Statutory reporting Estate accounting Schedule company books and records
Investigation	SIP 2 CDDA report Investigating antecedent transactions
Realisation of assets	Identifying, securing, insuring assets Retention of title Debt collection – pre and post appointment Property, business and asset sales Communication and negotiations with secured creditors
Trading	Planning Management of operation Communication/negotiation with suppliers Communication/negotiation with landlord Communication/negotiation with third parties Monitor goods outward/inwards Stock take On-going employee issues Travel
Creditors	Communication with creditors Creditor claims (including employees and other preferential creditors)

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX V

- **Breakdown of SFP Property Limited Fees**



AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 10 NOVEMBER 2009 TO 25 NOVEMBER 2009

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Property Issues	9.50	-	-	-	-	0.60	10.10
Total hours	9.50	-	-	-	-	0.60	10.10
Average rate £ per hour	275.00	-	-	-	-	75.00	263.12
Total costs £	2,612.50	-	-	-	-	45.00	2,657.50

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VI

- **Breakdown of SFP Recoveries Limited Fees**



AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 10 NOVEMBER 2009 TO 25 NOVEMBER 2009

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Debt Collection	-	-	-	14.70	-	-	14.70
Total hours	-	-	-	14.70	-	-	14.70
Average rate £ per hour	-	-	-	200.00	-	-	200.00
Total costs £	-	-	-	2,940.00	-	-	2,940.00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VII

- **Breakdown of SFP Datastore Limited Fees**



AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 10 NOVEMBER 2009 TO 25 NOVEMBER 2009

CLASSIFICATION OF WORK FUNCTION

	Storage Tasks Staff Costs	Inventorising Staff Costs	Total
Boxing Up / Collection / Inventorising of Records	25.70	16.50	42.20
<hr/>			
Total hours	25.70	16.50	42.20
Average rate £ per hour	25.00	75.00	44.55
Total costs £	642.50	1237.50	1880.00

Remuneration and disbursements drawn on account

See Appendix for Summary Charge Out Rates for staff

Disbursements Incurred	£
Mileage	97.24
Subsistence	115.11
Storage boxes purchased	70.00
Total Disbursements	282.35

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VIII

- **Breakdown of SFP Forensic Limited Fees**

SFP



FORENSIC



AANDA TRAVEL SERVICES LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 10 NOVEMBER 2009 TO 25 NOVEMBER 2009

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Investigation	-	-	-	-	-	0.60	0.60
<hr/>							
Total hours	-	-	-	-	-	0.60	0.60
Average rate £ per hour	-	-	-	-	-	75.00	75.00
Total costs £	-	-	-	-	-	45.00	45.00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

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Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX IX

- **Charge out Rates for SFP main practice and associates entities**

SFP



Charge out Rates for SFP main practice and associated entities

SFP and the Associated Entities remuneration is calculated on an hourly time cost basis, divided into 6 minute units and calculated as follows:

Main Practice		SFP Forensic Limited		SFP Property Limited		SFP Recoveries Limited	
Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr
Managing Partner	450	Managing Director	450	Managing Director	275	Managing Director	450
Partner 2	400	Senior Manager 2	325	Senior Manager 2	250	Senior Manager 2	325
Partner 1	350	Senior Manager 1	300	Senior Manager 1	225	Senior Manager 1	300
Senior Manager 2	325	Manager 2	275	Manager 2	200	Manager 2	275
Senior Manager 1	300	Manager 1	250	Manager 1	175	Manager 1	250
Manager 2	275	Senior Administrator 2	225	Senior Administrator 2	150	Senior Administrator 2	225
Manager 1	250	Senior Administrator 1	200	Senior Administrator 1	130	Senior Administrator 1	200
Senior Administrator 2	225	Administrator 2	150	Administrator 2	110	Administrator 2	150
Senior Administrator 1	200	Administrator 1	100	Administrator 1	90	Administrator 1	100
Administrator 2	150	Assistant	75	Assistant	75	Assistant	75
Administrator 1	100						
Assistant	75						

SFP Datastore Limited	
Grade	Rate p/hr
Storage Tasks (Retrieval and Collection)	
Staff Costs	25
Inventorising and Additional	
Staff Costs	75

Retrieval Rates Guide

Box Storage	18p / box / week
A4	21p / box / week
A3	6p / box / week
Transit Cases	
Retrieval costs from site	£1.10 per mile
Same Day Delivery (up to 10 items)	£22.50
Next Day Delivery (up to 10 items)	£15.00
Delivery to third party offices (up to 10 items / £1.50 per item thereafter)	£25.00

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX X

- **Proof of Debt form**

PROOF OF DEBT - GENERAL FORM

**In the matter of Aanda Travel Services Limited (in Administration)
and in the matter of the Insolvency Act 1986**

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 administration	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the administrator 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	

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX XI

- **Guide to Administrators and Liquidators Fees**

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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

ENGLAND AND WALES

1 Introduction

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

2 The nature of administration

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

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

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

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

3 The creditors' committee

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

4 Fixing the administrator's fees

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

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

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

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

administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

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

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

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

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

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

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

5.2 After fee approval

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

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

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

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

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

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors –

- each secured creditor of the company; and
- preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

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

- 4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

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

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

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

- 5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the

as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

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

6 What if a creditor is dissatisfied?

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

7 What if the administrator is dissatisfied?

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

8 Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9 Provision of information – additional requirements

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

The information which must be provided is –

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

- the number of hours spent by each grade of staff in the relevant period.

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

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

A CREDITORS' GUIDE TO LIQUIDATORS' FEES

ENGLAND AND WALES

1 Introduction

1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditor, who hopes 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 liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees and explains the basis on which fees are fixed.

2 Liquidation procedure

2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.

2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.

2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and a member of The Insolvency Service, an executive agency within the Department of Trade and Industry. In most compulsory liquidations, the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by the Secretary of State for Trade and Industry. Where an insolvency practitioner is not appointed the official receiver remains liquidator.

2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 9 members, to supervise the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.

3.2 The liquidator must call the first meeting of the committee within 3 months of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

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

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

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

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

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

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

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

5.2 After fee approval

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

4 Fixing the liquidator's fees

4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 - 4.127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed either:

- as a percentage of the value of the assets which are realised or distributed or both, or
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation.

It is for the liquidation committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage to be applied. Rule 4.127 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 liquidator in connection with the insolvency;
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the assets which the liquidator has to deal with.

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as the committee would. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with a scale set out in the Rules.

5 What information should be provided by the liquidator?

5.1 When seeking fee approval

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

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

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

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

5.3 Expenses and disbursements

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

5.4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 8.1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors.

5.5 Reporting in compulsory liquidations

It should be borne in mind that in compulsory liquidations there is no statutory requirement for the liquidator to report to creditors until the conclusion of the assignment. In most such cases, therefore, creditors will receive no information during the course of the liquidation unless they specifically request it.

6 What if a creditor is dissatisfied?

6.1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing.

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

7 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors or in accordance with the statutory scale is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the 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 out of the assets.

8 Other matters relating to fees

8.1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned.

8.2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors.

8.3 If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court.

8.4 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration.

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

In any case where the liquidator is appointed on or after 1 April 2005 he must provide certain information about the time spent on the 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 liquidator 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 liquidator'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 liquidator, and requests must be made within two years from vacating of office.

Aanda Travel Services Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX XII

- **Form 2.21B**

Creditor's request for a meeting

Name of Company
AANDA TRAVEL SERVICES LIMITED
(IN ADMINISTRATION)

Company number
04652873

In the
BRISTOL DISTRICT REGISTRY

Court case number
3035 / 2009

(a) Insert full name and
 address of the creditor making
 the request

I (a) _____

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

request a meeting of the creditors of (b) _____

(c) Insert amount of claim

My claim in the administration is (c) _____

(d) Insert full name(s) and
 address(es) of creditors
 concurring with the request (if
 any) and their claims in the
 administration if the
 requesting creditor's claim is
 below the required 10%

(d) _____

concur with the above request, and I attach copies of their written confirmation of concurrence.

(e) Insert details of the
 purpose of the meeting

The purpose of the meeting is (e) _____

Signed _____

Dated _____

