

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company

1st Serve Promotions Limited

Company number

05571776

In the High Court of Justice
Chancery Division
Manchester District Registry

(full name of court)

Court case number

3087 of 2012

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Gary John Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQDarren Brookes
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ*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) 26 November 2012

Signed

Joint / Administrator(s)

Dated

26/11/12

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

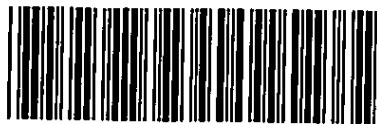
The contact information that you give

Darren Brookes
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

DX Number

0161 927 7788
DX Exchange

THURSDAY



A1MPI9HC

A29

29/11/2012

#369

COMPANIES HOUSE

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



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

1ST SERVE PROMOTIONS LIMITED - IN ADMINISTRATION

Statement to Creditors pursuant to
Paragraph 49 of Schedule B1 of the
Insolvency Act 1986

26 November 2012

Milner Boardman and Partners
The Old Bank
187A Ashley Road
Hale
Cheshire
WA15 9SQ

*High Court of Justice Chancery Division, Manchester District
Registry
No 3087 OF 2012*

Our Ref DTB/AJ/2110/7



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1ST SERVE PROMOTIONS LIMITED ('the company')

Registered Number: 05571776

**Registered Office: Milner Boardman & Partners, The Old Bank, 187A Ashley Road,
Hale, Cheshire, WA15 9SQ**

Formerly: 229 Hale Place, Ashley Road, Hale, WA15 9SX

1. Introduction

- 1.1 Darren Brookes and Gary Corbett of Milner Boardman & Partners of The Old Bank, 187A Ashley Road, Hale were appointed Joint Administrators of 1st Serve Promotions Limited on 4 October 2012 in the High Court of Justice, Chancery Division, Manchester District Registry, the application being deemed by Rule 2.3 (2) of the Insolvency Rules 1986 to have been made by the Company. The court reference number is 3087 of 2012.
- 1.2 Key Statutory Information is summarised in Appendix 1 which includes details of the Company's directors, secretary and any shareholdings.
- 1.3 This report is for the attention of the creditors of the company and details the Joint Administrators' proposals.
- 1.4 In accordance with paragraph 51 of Schedule B1 of the Insolvency Act 1986 these proposals are to be considered at the Initial Creditors Meeting to be held by correspondence. A notice of the Meeting of Creditors is enclosed. The closing date for returning voting forms is 12 noon on 12 December 2012.
- 1.5 Creditors are able to vote to approve the proposals with or without modifications subject to the Joint Administrators' agreement. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court of Justice, Manchester District Registry confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it sees fit.
- 1.6 If the Joint Administrators' proposals are agreed the Joint Administrators will continue to control the business of the Company to the extent that it has not been transferred. The Joint Administrators will at a later date



arrange for the Company to exit from the Administration as per the approved proposals

- 1 7 It is considered that the EC Regulation on Insolvency Proceedings applies to these proceedings, which are main proceedings as defined in Article 3 of the EC Regulations

2. Company History

- 2 1 The company was incorporated on 22 September 2005 and actively commenced trading in February 2010 following Mr Flanagan's retirement from professional tennis
- 2 2 The company was set up and managed by the director and shareholder, Mr Ian Flanagan. Mr Flanagan resigned as a director on 6 January 2012 (although continued to act as such) and Miss Lucy McSorley was appointed as a director at this time. Mr Flanagan retained his shareholding in the company and remained actively involved in the company. In addition to Mr Flanagan and Miss McSorley ("the directors") the company had two self employed members of staff
- 2 3 The principal business activity of the company was that of providing hospitality and promotion services. This included providing corporate entertainment packages and silent auction services
- 2 4 Immediately prior to the appointment date, the company traded from the director's address in Prestbury, Cheshire. However, the company had previously operated from support offices in Hale, Cheshire
- 2 6 The principal finance for the company was provided by way of a private investment from a local individual - Mr David Golding ("the investor") in the sum of £125,000, which was introduced in lump sums of £48,000, £20,000 and £57,000 during 2011, under the terms of Heads of Agreement made around April 2011. This agreement appears not to have been reduced to a formal contract and the terms are the subject of a dispute between the directors and the investor



- 2.7 The last accounts filed at Companies House were in abbreviated format and were prepared for the year ended 31 March 2011. These accounts indicate net assets of £4,713.
- 2.8 We have been provided with the company's books and records. Whilst these are still subject to review, it is clear that the company appears to have recorded significant trading losses in the period since the last accounts to the date of our appointment.

3. Steps Leading to the Joint Administrators' Appointment

- 3.1 Whilst the company was making trading losses, we understand the directors attributed this to the company seeking to establish itself and grow in its area of operations. Mr Flanagan appears to have remained hopeful that, using his contacts in the sporting and business world, the company would be able to trade profitably in the future. The investor and his related companies sought to support the company by way of provision of office space and to assist in the administration and bookkeeping of the company and used its professional advisors in this regard. This arrangement between the parties appears to have worked well for a little over twelve months.
- 3.2 In or around July 2012, a disagreement concerning the operation and future of the business arose between the investor and the directors. The disagreement caused a major fall-out between the parties and the directors were excluded from the Hale premises. This made it very difficult for the company to continue to trade normally, especially without access to stock held on the premises.
- 3.3 On or around 11 July 2012, the investor demanded repayment of the monies invested in the business and, following non-repayment, he issued a winding up petition against the company dated 9 August 2012.
- 3.4 The directors disputed that monies were due to the investor on the grounds that the funds invested were in return for shares in the company and therefore sought to dismiss the petition. However, without the continued support of the investor, the directors were of the opinion that the company would not be able to continue to trade and sought professional advice.
- 3.5 Following meetings with professional advisors, the directors acknowledged that the company was insolvent and decided to seek to place the company into



Administration on the basis that this would achieve a better result for the creditors as a whole than would be likely if the company were wound up

- 3 6 The directors petitioned the Court for an Administration Order and a hearing date was set for 28 September 2012. In support of the application, independent valuers, Messrs Eddisons of The Auction Centre, Hammond Avenue, Stockport were instructed to review the stock list, inspect the items on it and to provide valuations on two bases, open market value (willing buyer, willing seller) and Estimated Restricted Realisation Price (forced sale/auction), further details of which are explained below
- 3 7 At the hearing on 28 September 2012, the application for the Order was opposed by the investor. At that hearing the Court directed that the application be adjourned until 4 October 2012 and requested that a report be prepared to provide further evidence as to why the granting of an Administration Order would achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- 3 8 A report was prepared (by Darren Brookes and Gary Corbett of Milner Boardman & Partners) and presented to the hearing on 4 October 2012. Following representations from Counsel acting for the petitioners (the directors) and the investor, the Court granted an Administration and Darren Brookes and Gary Corbett were duly appointed as Joint Administrators
- 3 9 At the date of our appointment, we estimate that (excluding the claim of the investor), approximately £140,000 is owed to unsecured creditors, comprising trade suppliers and HM Revenue & Customs

4. Purpose of Administration

- 4 1 The statutory purpose of an administration consists of three objectives as laid down in paragraph 3(1) schedule B1 of the Insolvency Act 1986
- a) Rescue of the company as a going concern,
 - b) 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); and



- c) To realise property in order to make a distribution to one or more secured or preferential creditors

4 2 We do not consider there was any prospect of achieving the rescue of the company itself as a going concern (purpose a) However, we believe there is a prospect of achieving purpose b

5. Progress of Administration

5.1 Administrators Strategy

5 1 1 At the date of our appointment, the company had ceased to trade and the Joint Administrators saw no benefit in attempting to resume the trade

5 1 2 The Joint Administrators sought to collate a schedule of all known company assets and this is ongoing Messrs Eddisons have been retained to advise as agents

5 1 3 To date we have established the company has the following principal assets -

- Goodwill and undertaking (name, website, twitter account etc)
- Stock of memorabilia items
- Overdrawn loan accounts – monies due to the company

5 1 4 The Joint Administrators continue to attempt to realise the above assets and to review the books and records and to liaise with third parties to establish the existence and quantum of all company property

5.2 Goodwill, undertaking and tangible assets

5 2 1 At the date of our appointment an offer had been made by a company connected to the directors in the sum of £34,500 for purchase of the goodwill, undertaking and tangible assets of the company The offer also provided for certain company commitments to be honoured – such commitments relating to approximately £40,000 of claims which would potentially be made against the company This offer was disclosed to the Court at the second hearing of the application



- 5 2 2 Following our appointment we received an offer to acquire the goodwill, undertaking and tangible assets of the company from the investor. Following several negotiations, this offer was accepted by the Joint Administrators and a contract issued to the investor's solicitors. At the end of last week we received notification that this sale to the investor may not progress. We are currently continuing to negotiate for the sale of these assets.
- 5 2 3 In view of the above the Joint Administrators will continue with the strategy of selling the business as a 'going concern' and to try and maximise asset realisations.
- 5 2 4 The company owned further memorabilia stock not included in the above sale on account of it being missing. Since the date of our appointment this stock has now been located and is held by our agents. We are seeking to include this additional stock in the sale strategy described above.

5.3 Other Assets

- 5 3 1 We are aware of an overdrawn directors' loan account for which repayment should be pursued for the benefit of the estate.
- 5 3 2 We have been provided with a breakdown of the loan account by Crowe Clark Whitehill, a firm previously involved in the record keeping of this business. This information has been provided to the directors with a demand for repayment.
- 5 3 3 At the time of writing the directors' advisors have responded disputing the quantum of the demand. We are currently in the process of reviewing the entries further and will be seeking meetings with the directors and their advisors shortly.
- 5 3 4 In the application to the Court, the directors have seemingly admitted a debt due from them to the company of approximately £74,000. The demand made by the Joint Administrators was for a significantly higher sum.



5.4 Employees

5 4 1 At the date of our appointment the directors were the only known employees of the company

5.5 Secured Creditors

5 5 1 There are no charges registered against the company

5.6 Preferential Creditors

5 6 1 No preferential claims have been received to date and from a review of the books and records the Joint Administrators are of the opinion that none are likely to be received

5.7 Unsecured Creditors

5 7 1 Any payments to unsecured creditors will rank after payment of the expenses of the Administration and the Administrators fees (and those of any subsequently appointed Liquidators) We currently estimate unsecured creditor claims to be in the region of £140,000 (excluding any claim from the investor)

5 7 2 As a consequence of the Court hearings, the Administration application costs will rank as an expense of the Administration. These costs have yet to be determined but the Joint Administrators estimate they will be in the region of £50,000 to £60,000

5 7 3 After allowing for the addition of other Administration expenses and Administrators' fees, we are still of the opinion that there is a prospect of a small dividend payment to unsecured creditors

5 7 4 In accordance with Paragraph 176 (A) of the Insolvency Act 1986, the Joint Administrators are required to set aside a prescribed part of the Company's net property for the benefit of unsecured creditors that would otherwise be available to the secured floating charge holder. We are able to advise that, in the absence of any registered charges, the prescribed part rule does not apply in this case



5.8 Other claims

- 5 8 1 We are currently dealing with the disputed claim of the investor and have instructed DLA, solicitors to assist in determining the status of the claim

5.9 Statutory/ Other Actions Taken

- 5 9 1 All statutory formalities were completed, with the appropriate filings made at Companies House and the High Court. The Appointment of Administrators was also advertised in the London Gazette
- 5 9 2 All creditors were duly notified of the Appointment of the Joint Administrators as soon as possible
- 5 9 3 We have continued to liaise with creditors
- 5 9 4 The Company's books and records have now been received and are under review

5.10 Continuing Management of Affairs

- 5 10 1 The Joint Administrators are continuing to deal with the day to day administration of this case. The Joint Administrators will continue to deal with creditor queries and debtor realisations

6 Receipts and Payments Account

- 6 1 A Receipts and Payments Account for the period of Administration to 22 November 2012 is attached to Appendix 2, which is self-explanatory
- 6 2 There have been no receipts to date
- 6 3 There have been no payments made to date, however, in addition to the Application costs due, costs are expected in respect of statutory advertising, legal fees, agent's fees, specific bond, insurance of assets



7. Statement of Affairs

- 7 1 At the date of this report, a signed Statement of Affairs as at the date of Administration is still awaited from the directors. This is expected to be received shortly and will be filed at Companies House as soon as received. In the meantime we attach, at Appendix 3, a Statement of Affairs, that was prepared by the directors for inclusion in their Court application.
- 7 2 This statement is for purely illustrative purposes at this stage and may be subject to adjustment in due course. The Estimated Statement of Affairs does not reflect the costs and expenses of Administration.

8. Joint Administrators' Time Costs

- 8 1 In accordance with Rule 2.106(1) of the Insolvency Act 1986, the Administrators are entitled to receive remuneration for services in this case. A creditors' guide to fees is attached in Appendix 4 of this report.
- 8 2 Remuneration must be fixed either as a percentage of the value of the property with which we are dealing or, alternatively by reference to the time properly spent by the Administrators and our staff in dealing with this Administration.
- 8 3 We propose that our remuneration be calculated in accordance with time spent in dealing with this case. The Joint Administrators' costs to date are £18,131.50. A full analysis of the Joint Administrators' costs to date is attached as Appendix 4 to this report.
- 8 4 The Joint Administrators' pre-appointment time costs total £16,777.00 which remain unpaid. The Joint Administrators will seek approval from the creditors in due course regarding approval to draw these as fees accordingly.
- 8 5 In the event a Creditors Committee is formed, it will be for that committee to determine the basis of remuneration.



Also attached at Appendix 4, are details of creditors' rights in relation to the Administrators remuneration and also to request information on the Administrators remuneration and expenses.

9. Ending the Administration

9 1 The Joint Administrators may use any or a combination of the "exit route" strategies in Paragraphs 76 to 80 and 83 to 84 of Schedule B1 of the Insolvency Act 1986 in order to bring the Administration to an end. In this particular instance it is the Joint Administrators' proposal that, following realisation of all the assets, that the company be placed into creditor's voluntary liquidation. Pursuant to paragraph 83(7) of schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) it is proposed that Darren Brookes and Gary Corbett take the appointment as Joint Liquidators. **Creditors may nominate different persons to be appointed provided that such nominations are received before these proposals are approved.**

10. Administrators' Proposals

10 1 The Joint Administrators make the following proposals for achieving the purpose of Administration -

- To continue to do all such things in a reasonably expedient manner and generally exercise all their powers as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company,
- The Joint Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or the Insolvency Act 1986;
- In the event that no Creditors Committee is formed, the Joint Administrators will propose to the creditors that they be authorised to draw on fees on account from the assets of the Company from time to time during the period of the Administration, based on the time properly incurred by Milner



Boardman and Partners Time costs incurred by the Joint Administrators are to reflect the time spent due to the complexity of the assignment Also, that the Joint Administrators be authorised to draw disbursements from time to time,

- To seek an extension to the administration periods if deemed necessary by the Joint Administrators,
- The Joint Administrators may use any or a combination of the "exit route" strategies in Paragraphs 76 to 80 and 83 to 84 of Schedule B1 of the IA86 in order to bring the Administration to an end In this particular instance it is the Joint Administrators' proposal that, following realisation of all the assets, the company will be placed into creditors' voluntary liquidation and Darren Brookes and Gary Corbett will be appointed Joint Liquidators In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986 (as amended) the creditors may nominate a different person as the proposed Liquidator, provided such nomination is made before these Proposals are approved.

11. Conclusion

11 1 Creditors will, therefore, be asked to vote upon the following matters at the Initial Meeting of Creditors which is to be held by correspondence -

- 1 That the Joint Administrators proposals dated 26 November 2012 for achieving the purpose of Administration be approved,
- 2 That the basis and level of the Administrators' fees and Category 2 disbursements are approved Please note, if the creditors resolve to establish a Creditors' Committee, this resolution shall have no effect
- 3 That the Joint Administrators arrange for the company to exit the Administration by way of a Creditors Voluntary Liquidation pursuant to paragraph 83 of schedule B1 to the Insolvency Act 1986 Pursuant to paragraph 83(7) of schedule B1 to the Insolvency Act 1986 and Rule 2 117(3) it is proposed that Darren Brookes and Gary Corbett take the appointment as Joint Liquidators Creditors may nominate



different persons to be appointed provided that such nominations are received before these proposals are approved

- 4 the formation of a Creditors' Committee and if so, whether you wish to be a member of it,

- 11.2 The Joint Administrators recommend that the creditors should approve the above proposals at the creditors meeting to be held by correspondence and the deadline for returning voting forms is **12 noon on 12 December 2012**. (See Appendix 5)

Yours Faithfully
For and on behalf of
1st Serve Promotions Limited

Darren Brookes
Joint Administrator



APPENDIX 1

Statutory Information

Administration Appointment

Court in which proceedings brought	High Court of Justice Chancery Division Manchester District Registry Civil Justice Centre 1 Bridge Street West Manchester M60 9DJ
Court Reference Number	3087 OF 2012
Name(s) of Joint Administrators	Gary Corbett & Darren Brookes Milner Boardman & Partners The Old Bank 187A Ashley Road Cheshire WA15 9SQ
Date of Appointment	4 October 2012
Appointer	The director



Company Information

Date of Incorporation	22 September 2005
Company Registration Number	05571776
Nature of Business	other entertainment activities
Present Registered Office	16 Old Market Place, Altrincham WA14 4DD
Trading Addresses	21 Wallgate, Wigan, WN1 1LD 126 Whelley, Wigan WN1 3UB
Issued Share Capital	1000 Ordinary shares at £1 each
Registered Shareholders	Mr Ian Richard Flanagan (1000)
Directors	Lucinda Kate McSorley
Company Secretary	Lucinda Kate McSorley
Employees	0



APPENDIX 2

Receipts and Payments Account as at 26 November 2012

**1st Serve Promotions Limited
(In Administration)**

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

Statement of affairs £	From 04/10/2012 To 26/11/2012 £	From 04/10/2012 To 26/11/2012 £
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RECEIPTS

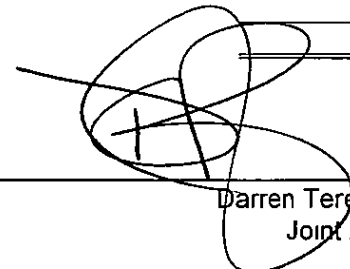
	0 00	0 00
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PAYMENTS

	0 00	0 00
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BALANCE - 26 November 2012

	0.00
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Darren Terence Brookes
Joint Administrator



APPENDIX 3

Estimated Financial Statement

1st SERVE PROMOTIONS LIMITED

Estimated Statement of Affairs as at 17th September 2012

	Book Value	Admin Order	Liquidation
ASSETS (not secured)			
Goodwill	0	5000	0
Stocks	50000	35000	10000
Director's loan account	74060	50000	0
Cash at bank and in hand	50000 4	50000 4	50000 4
Total Assets	129060 124064	95000 90004	150000 16004
Estimated Admin expenses	0	0	0

(H)

LIABILITIES			
Preferential creditors	0	0	0
Surplus for ordinary creditors	124064 129060	90004 95000	10004 15000
Trade Creditors (excl disputed SVI Generens creditor)	30000	30000	30000
HMRC VAT and Corporation tax/S 455 charges	106000	106000	106000
Share capital			
At 31 March 2011	1000	1000	1000
D Golding	125000	125000	125000
Projected deficit	-132848 -137936	-167000 -171996	-247000 -251996

Milner Boardman & Partners
1st Serve Promotions Limited
B - Company Creditors

Key	Name	Address	£
CA00	American Express Payment Services Ltd	Merchant Risk, UMC 52 01 010, Brighton, BN88 1AH	505 00
CB00	BK Executive Cars	23 Oldham Rod, Ashton under Lyne, Lancashire, OL6 7AP	3,609 00
CB01	Bentley Manchester	Mobberley Road, Knutsford, Cheshire, WA16 8GT	7,104 08
CE00	Elavon Merchant Services	Collection Department, PO Box 466, Brighton, BN50 9AW	325 50
CI00	Icons	183 Evershold Street, London, NW1 1BU	2,842 00
CL00	Companies House	c/o Lewis Debt Services, the Lewis Group Ltd, rowant HOuse, 70 Buchanan Street, Glasgow, G1 3JF	1,500 00
CM00	Minuteman Press	120 Manchester Road, altrincham, Cheshire, WA14 4PY	1,913 80
CP02	Plus Display Ltd	151 Etruria Road, Hanley, Stoke on Trent, ST1 5NS	230 38
CS00	SYNK Events Ltd	Unit H1 Newton Business Park, Talbot Road, Hyde, SK14 4UQ	4,001 40
CT00	Towngate Personnel	County Gates House, 300 Poole Road, Westbourne, Poole, BH12 1AZ	51 00
CW00	Wembley Stadium	Club Wembley, PO Box 1966, London, SW1P 9EQ	11,663 00
CW01	Wonderland Memorabilia		3,815 49
CW02	Wooden Spoon	115-117 Fleet Road, Fleet, Hampshire, GU51 3PD	21,207 00
13 Entries Totalling			58,767 65

Signature _____



APPENDIX 4

Creditors' Guide to Administrators' Fees & Breakdown of Administrators' Time
Costs as at 26 November 2012

Milner Boardman & Partners

TIME & CHARGEOUT SUMMARIES

1ST Serve Promotions Limited

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	25 30	31 70	0 00	0 00	57 00	16,034 00	281 30
Investigations	0 00	6 50	0 00	4 00	10 50	2,097 50	199 76
Realisation of Assets	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	9,218 50	8,213 00	0 00	700 00		18,131 50	
Total Hours	25 30	38 20	0 00	4 00	67 50		
Average Rate	364 37	215 00	0 00	175 00			

1st Serve Promotions Limited - In Administration

In accordance with best practice I provide below details of policies of Milner Boardman & Partners in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within this firm who may be involved in working on the insolvency, follows This in no way implies that staff at all such grades will work on the case

GRADE

PARTNER	From £295 to £370
MANAGER	£215
SENIOR ADMINISTRATOR/ASSISTANT/SUPPORT	£175

The rates charged by Milner Boardman & Partners, The Old Bank, 187a Ashley Road, Hale, Cheshire, WA15 9SQ reviewed in October 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 Units of time can be as small as 6 minutes Milner Boardman & Partners records work in respect of insolvency work under the following categories -

Pre Appointment
Administration/planning
Asset Pursuit
Trading
Creditors
Investigations Re Assets
Investigations Re Directors Conduct Report
Employees
Cashiering
Closing

Please note that the 10 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the current rate

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

Category 1

This heading covers expenses where Milner Boardman & Partners has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median – less than 10,000 miles per annum) which is the amount the firm pays to staff.

Category 2

Category 2 disbursements require creditor authorisation before they can be drawn. Category 2 disbursements include staff mileage costs. Milner Boardman & Partners do not charge Category 2 disbursements.

Where applicable, disbursements will be subject to VAT at the current rate.

A handwritten signature in black ink, appearing to read 'MB&P.', is positioned above the company name.

Milner Boardman & Partners

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, explains 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:



STATEMENT OF INSOLVENCY PRACTICE 9 (E & W)

- 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. Details of such costs must be included in the administrator's proposals

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 seeking remuneration approval

- 7.1.1 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

- 7.1.2 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

- 7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent

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

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

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

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

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

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

- 7.1.4 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.

7.2 After remuneration 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 (see further paragraph 8.1 below). 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 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

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

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 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date

MILNER BOARDMAN & PARTNERS – INFORMATION SHEET FOR CREDITORS

What if a creditor is dissatisfied with administration remuneration?

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

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. 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.

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.

Creditors rights to information on the administration remuneration and expenses

Within 21 days of receipt of this progress report a creditor may request that the Joint Administrators provide further information about the remuneration and expenses set out in the report. Any 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.

The Joint Administrators must provide the requested information within 14 days, unless they consider that

- The time involved in preparing the information would be excessive, or
- Disclosure would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
- The Joint Administrators are 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 if the Joint Administrators refuse to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

If any creditors have any queries please contact 0161 927 7788



APPENDIX 5

Form 2.20B Notice of Meeting of Creditors

Rule 2.35

Notice of a meeting of Creditors

Name of Company

1st Serve Promotions Limited

Company number

05571776

In the The High Court of Justice
Chancery Division
Manchester District Registry

(full name of court)

Court case number
3087 of of 2012(a) Insert full name(s)
and address(es) of
administrator(s)Notice is hereby given by (a)
Gary John Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQDarren Terence Brookes
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ(b) Insert full name and
address of registered
office of the companythat a meeting of creditors of (b)

1st Serve Promotions Limited
187a Ashley Road
Hale
WA15 9SQ(c) Insert details of place
of meeting

is to be held at (c) By correspondence pursuant to paragraph 58 of Schedule B1 of the Insolvency Act 1986 and Rule 2 48 of the Insolvency Rules 1986

(d) Insert date and time
of meeting

on (d) Closing date specified in Form 2 25B is 12 December 2012 at 12 Noon

The meeting is

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')

~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~~~*(4) a further creditors' meeting under paragraph 56 of the Schedule~~~~*(5) a creditors' meeting under paragraph 62 of the Schedule~~

A proxy form is enclosed which should be completed and returned to me 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 me, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed

Joint / Administrator(s)

Dated

26/11/12

*Delete as applicable

A copy of the *proposals/ revised proposals is attached



APPENDIX 6

Proof of Debt Form and Form 2.25B Voting Form

Rule 2 48

Notice of conduct of business by correspondence

Name of Company

1st Serve Promotions Limited

Company number

05571776

In the High Court of Justice
Chancery Division
Manchester District Registry

(full name of court)

Court case number

3087 of of 2012

(a) Insert full name(s)
and address(es) of
administrator(s)Notice is hereby given by (a)
Darren Brookes
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQGary Corbett
Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ(b) Insert full name and
address of registered
office of the companyto the creditors of (b) 1st Serve Promotions Limited, The Old Bank, 187a Ashley Road, Hale,
Cheshire, WA15 9SQ(c) Insert number of
resolutions enclosedthat, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) 5
resolutions for your consideration Please indicate below whether you are in favour or
against each resolution(d) Insert address to
which form is to be
deliveredThis form must be received at (d)
Milner Boardman & Partners
The Old Bank 187a Ashley Road
Hale Cheshire
WA15 9SQ

(e) Insert closing date

by 12 00 hours on (e) 12 December 2012 in order to be counted
It must be accompanied by details in writing of your claim Failure to do so
will lead to your vote(s) being disregardedRepeat as necessary for
the number of resolutions
attached

*Delete as appropriate

Resolution (1)
Resolution (2)
Resolution (3)
Resolution (4)I am *in favour/ against
I am *in favour/ against
I am *in favour/ against
I am *in favour/ against*Please insert name of member on attached
resolution form – cannot be Chairman)*

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor -

Signature of creditor :-

(If signing on behalf of creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your votes, please
contact me/us at the address above

Signed

Joint / Administrator(s)

Dated 26/11/12 .

1st SERVE PROMOTIONS LIMITED

Statement of Proposals (paragraph 49 of schedule B1 Insolvency Act 1986)

As Joint Administrator, I propose the following -

- 1) That the joint administrators continue to deal with and realise the assets of the company
- 2) That the remuneration of the Joint Administrators be calculated in accordance with time spent in dealing with this case and the Joint Administrator be entitled to draw remuneration and disbursements in respect of their costs at such time that they deem appropriate after the costs have been incurred. Please note, if the creditors resolve to establish a Creditors' Committee, this resolution shall have no effect
- 3) That the Joint Administrators arrange for the company to exit the Administration by way of a Creditors Voluntary Liquidation pursuant to paragraph 83 of schedule B1 to the Insolvency Act 1986. Pursuant to paragraph 83(7) of schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) it is proposed that Darren Brookes and Gary Corbett take the appointment as Joint Liquidators. Creditors may nominate different persons to be appointed provided that such nominations are received before these proposals are approved
- 4) For the appointment of .
representing . as a
member of the creditors' committee

Proof of Debt - General Form

7

IN ADMINISTRATION

1st Serve Promotions Limited

Date of Administration Order 4 10 12 No 3087 of 2012

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 of the Administration order	£
4	Details of any documents by reference to which the debt can be substantiated [Note the Joint Administrators may call for any document or evidence to substantiate the claim at his discretion]	
5	If total amount above includes outstanding uncapitalised interest, please state amount	£
6	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 £
7	Particulars of how and when debt incurred	
8	Particulars of any security held, the value of the security, and the date it was given	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Admitted preferentially for

£

Date

Admitted non-preferentially for

£

Date