

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

WEDNESDAY



A09 *A8D9DDRP* #271
04/09/2019
COMPANIES HOUSE

1 Company details

Company number 0 6 5 2 6 9 5 6

Company name in full Wood Yew Waste Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Business & Property Courts of
England & Wales in Bristol

Court case number 2 0 1 8 - 2 2 6 o f 2 0 1 8

3 Administrator's name

Full forename(s) Paul

Surname Wood

4 Administrator's address

Building name/number St James Court

Street 9/12 St James Parade

Post town Bristol

County/Region

Postcode B S 1 3 L H

Country

AM22

Notice of move from administration to creditors' voluntary liquidation

5 Administrator's name ^①

Full forename(s) Simon Robert

Surname Haskew

① Other administrator
Use this section to tell us about another administrator.**6 Administrator's address ^②**

Building name/number St James Court

Street 9/12 St James Parade

Post town Bristol

County/Region

Postcode B S 1 3 L H

Country

② Other administrator
Use this section to tell us about another administrator.**7 Appointor/applicant's name**

Give the name of the person who made the appointment or the administration application.

Full forename(s)

Surname

8 Proposed liquidator's name

Full forename(s) Paul

Surname Wood

Insolvency practitioner number 0 0 9 8 7 2

9 Proposed liquidator's address

Building name/number St James Court

Street St James Parade

Post town Bristol

County/Region

Postcode B S 1 3 L H

Country

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10 Proposed liquidator's name^①

Full forename(s)	Simon Robert
Surname	Haskew
Insolvency practitioner number	0 0 8 9 8 8

① Other liquidator
Use this section to tell us about another liquidator.

11 Proposed liquidator's address^②

Building name/number	St James Court
Street	St James Parade
Post town	Bristol
County/Region	
Postcode	B S 1 3 L H
Country	

② Other liquidator
Use this section to tell us about another liquidator.

12 Period of progress report

From date	d 2 8	m 0 9	y 2 0 1 8
To date	d 0 4	m 0 9	y 2 0 1 9

13 Final progress report

☒ I have attached a copy of the final progress report.

14 Sign and date

Administrator's signature	Signature X  X
Signature date	d 0 4 m 0 9 y 2 0 1 9

AM22

Notice of move from administration to creditors' voluntary liquidation



Presenter information

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

Contact name **Clive Hobbs**

Company name **Begbies Traynor (Central) LLP**

Address **St James Court**

St James Parade

Post town **Bristol**

County/Region

Postcode **B S 1 3 L H**

Country

DX **bristol@begbies-traynor.com**

Telephone **0117 937 7130**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Paul Wood and Simon Robert Haskew appointed joint administrators on 28 September 2018

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Wood Yew Waste Limited (In Administration)

Final Progress Report of the joint administrators

Period: 28 March 2019 to 4 September 2019

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Wood Yew Waste Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 28 September 2018
"the administrators", "we", "our", "us"	Paul Wood of Begbies Traynor (Central) LLP, St James Court, St James Parade, Bristol, BS1 3LH and Simon Robert Haskew of Begbies Traynor (Central) LLP, St James Court, St James Parade, Bristol, BS1 3LH
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act.

2. STATUTORY INFORMATION

Name of Company	Wood Yew Waste Limited
Trading name(s):	As above
Date of Incorporation:	7 March 2008
Company registered number:	06526956
Company registered office:	Unit 50, Greendale Business Park, Exeter, Devon, EX5 1EW

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators:	Paul Wood, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, St James Court, St James Parade, Bristol, BS1 3LH and Simon Robert Haskew, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, St James Court, St James Parade, Bristol, BS1 3LH
Date of appointment:	28 September 2018
Date of resignation:	Not applicable
Court:	High Court of Justice, Business & Property Courts of England & Wales in Bristol
Court Case Number:	226 of 2018
Person(s) making appointment / application:	The Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 28 March 2019 to 4 September 2019.

Please note that there have been no transactions during the period of reporting.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to

allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

General case administration and planning

Although there is no direct financial benefit to the administration, the administrators are required to maintain records to demonstrate how the case is administered and to document the reasons for any decisions that materially affect the case. Case planning is mandatory to ensure the orderly and efficient winding up of the insolvent estate. Case reviews have been carried out within the first month of our appointment, followed by 3 months after our appointment, then on a 6 monthly basis.

Time spent keeping the records in order is allocated to case administration and is necessary to ensure that we have complied with the Insolvency Act 1986.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require administrators to follow statutory rules and regulations such as:

- Banking, producing receipts and payments accounts and completing monthly bank reconciliations;
- Filing company information with the Registrar of Companies such as our progress report;
- Ensure the case is adequately bonded; and
- Producing progress reports together with the final report.

These tasks are a necessary part of the engagement, but do not generate any direct financial benefit for creditors, however without them, other aspects of the case which do provide a quantifiable benefit to creditors would have been less efficient.

Investigations

We have carried out our investigations within the statutory time frame available. As administrators' we have a statutory duty to submit a report to the Department for Business, Energy & Industrial Strategy ("DBEIS"). I can confirm that this report has been submitted. Please note the report is a confidential document between the DBEIS and the administrators.

In addition, the joint administrator's are currently investigating the possibility of further recoveries in relation to transactions entered into by the Company prior to our appointment and are taking legal action against the directors.

Due to the sensitive nature in this matter, we are not in a position to provide any further details at this time, however any potential recoveries will be made available in future reports.

Realisation of assets

As previously reported, the assets in the administration mainly comprised of chattel assets and shares, which Clem Spencer Limited purchased as a going concern. The sale concluded on 28 September 2018 for £70,000 on a deferred consideration basis. However, Clem Spencer Limited went into Administration on 1 March 2019 and we are relying on our security in relation to the outstanding balance of £45,000.

Lloyds TSB Commercial Finance Limited have transferred the balance of the book debt ledger to us. Due to the nature of the debts, we instructed Credet Limited to assist with the collection and realisations total £14,760 to date. Note that at the time of reporting, this amount has not been transferred to the administration account.

Dealing with all creditors' claims (including employees), correspondence and distributions

Based on information received from the Company, the estimated unsecured creditor claims were £465,324. To date we have received claims totalling £604,447.

We have dealt with any queries that creditors have raised.

In addition, we have dealt with employee queries in respect of outstanding pension contributions, the necessary schedules have been uploaded to the Redundancy Payments Service and we are awaiting their review.

Other matters which includes seeking decision of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

We are required to submit Corporation Tax returns to HM Revenue & Customs on an annual basis to account for any bank interest received in the period. We are also required to submit post appointment VAT returns on behalf of the Company, these have been submitted accordingly during the period.

5. OUTCOME FOR CREDITORS

Secured creditors

As previously reported, the Company records show the amounts owing to the following in their capacity as secured creditor as listed below. These amounts are secured by way of fixed and floating charges granted by the Company.

Lloyds TSB Bank Plc – Company records show c.£337,303 as being owed. They have fixed and floating charges registered at Companies House dated 11 April 2008, which covers all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery. A proof of debt has been received confirming £266,899 as outstanding.

Lloyds TSB Commercial Finance Limited - Company records show c. £132,500 as being owed. They have fixed and floating charges registered at Companies House dated 31 January 2013, which covers all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

Since the reporting period, we have been notified that Lloyds TSB Commercial Finance Limited have been paid in full and the balance of the ledger has subsequently been transferred to us for collection of the outstanding debts.

Funding Circle Recoveries Limited - Company records show c. £112,961 as being owed. They have fixed and floating charges registered at Companies House on 11 April 2013, floating charge covers all the property or undertaking of the Company. A proof of debt has been received confirming £112,961 as outstanding.

FWS Carter & Sons Limited (02033792) - Company records show c. 102,000 as being owed. They have fixed and floating charges registered at Companies House on 28 March 2018 which covers all properties acquired by the charger in the future; all present and future interests of the charger not effectively mortgaged or charged under the preceding provisions of the charging document in, or over, freehold or leasehold property; and all the intellectual property. A proof of debt has been received confirming £71,907 as outstanding.

Preferential creditors

As a result of the sale of the business and assets of the Company, the employees transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, this resulted in safeguarding employee jobs and avoiding redundancy costs of circa £40,000.

However, we have been made aware that there are potentially outstanding pension contributions, therefore we have contacted the Redundancy Payments Service and have provided them with the details for their review.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part is calculated have previously been provided in our statement of proposals and in previous progress reports.

Unsecured creditors

Claims of unsecured creditors were estimated at £465,324. We have received claims totalling £604,447.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

There could be funds available for the secured creditors under their fixed charges.

Preferential creditors

Preferential creditor claims relate to the outstanding pension contributions and we estimate that claims total £954.50. Based on this information, we anticipate a distribution of 100p in the £.

Unsecured creditors

The outcome as regards unsecured creditors is dependant on recoveries being made as a result of our investigations into the directors' conduct prior to administration. Any recoveries in this regard would be available for distribution to the unsecured creditors and therefore it is our intention to convert the administration to a creditors' voluntary liquidation in order that investigations can be completed and that we are able to make a distribution, if applicable, to the unsecured creditors, without having to seek the approval of the Court. However we cannot confirm the quantum or timing of any such distribution at this at this stage.

Exit from administration

This is the final administrators' progress report to creditors. As previously approved by the creditors, the administrators will be given their discharge (per paragraph 98 of the Act) immediately upon the Notice of move from administration to creditors' voluntary liquidation (Form AM22) being registered at Companies House (which we anticipate shortly), our appointment as administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation with the former administrators acting in the capacity as joint liquidators of the Company.

This will enable us to pursue our claims against the former directors in order to achieve a more favourable outcome for the creditors of the Company.

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as approved by decision of creditors via the deemed consent procedure.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

- Completing the sale of the business, assets and its shares to Clem Spencer Limited;

- Collection of book debts;
- Arranging immediate insurance cover over the Company's assets;
- Liaising with our agents in relation to the sale of the Company's assets;
- Liaising with solicitors;
- Dealing with correspondence from unsecured creditors;
- Corresponding with government departments in relation to VAT, PAYE and NIC and Corporation Tax;
- General banking and administration duties;
- Dealing with various compliance and statutory duties under the Act and the Rules including advertising our appointment, preparing the initial notification of the commencement of the administration and our proposals;
- Dealing with post appointment VAT and Corporation Tax returns;
- Investigating and submitting our statutory report on directors' conduct;
- Performing ancillary statutory and regulatory duties;
- Reporting to creditors, seeking approval of our proposals and obtaining our discharge;
- Preparing the final report of the administration and sending Form AM22 to the Registrar to close the administration and move the Company to Creditors Voluntary Liquidation.

8. PRE-ADMINISTRATION COSTS

On 10 December 2019, the following amounts in respect of unpaid pre-administration costs were approved by the secured creditors:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	15,000	3,000	18,000
Legal costs	Clarke Willmott	14,500	2,900	17,400
TOTAL PRE-ADMINISTRATION COSTS		29,500	5,900	35,400

9. REMUNERATION & DISBURSEMENTS

Our remuneration has been split, based on a fixed fee of £15,000 and also fixed as a percentage of the value of the assets which are realised at 30% of the realisations.

We are also authorised to draw disbursements for services provided by our firm and/or entities within Begbies Traynor group, in accordance with our firm's policy, details of which accompanied their Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

To 4 September 2019, we have not drawn any remuneration.

Disbursements

To 4 September 2019, we have also not drawn any disbursements.

Category 2 Disbursements

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn during the period of this report in accordance with the approval obtained in the total sum of £97.20 are as follows:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	97.20

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

10. EXPENSES

A statement of the expenses incurred by us during the period of this progress report is attached at Appendix 3. A cumulative statement of expenses also appears at Appendix 3 which details the expenses incurred since the date of our appointment.

Creditors will recall that we estimated that the expenses of the administration would total £10,904. Unfortunately, we consider that, in addition to those already incurred, the expenses which we are likely to incur to the conclusion of the case will exceed our original estimate. The reason why the estimate is likely to be exceeded are as follows:

- Legal expenses relating to the ongoing investigations into the conduct of the directors prior to our appointment.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

12. ASSETS THAT REMAIN TO BE REALISED

As previously reported, the Company's business, assets and its shares were sold as a going concern to Clem Spencer Limited on 28 September 2018 for £70,000. Initial consideration of

£10,000 was paid in full at completion. The balance of the consideration was deferred on the following terms:

- £5,000 to be paid on or before 31 October 2018 and;
- £5,000 monthly instalments to be paid at or before the end of every calendar month until such time as all instalments have been paid.

To date £25,000 has been received and the balance of £45,000 is a secured claim in the Administration of Clem Spencer Limited. We previously advised that Peter Frost and Victor Ellaby were appointed Joint Administrators of Clem Spencer Limited on 1 March 2019. We are unable to give any indication on the likelihood or timing of further recoveries at this time. Creditors will be updated in future reports.

In addition, Credebt Limited are continuing to pursue the book debts and our investigations into the Company's affairs remain ongoing.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

Case planning is mandatory to ensure the orderly and efficient winding up of the insolvent estate. Internal bi-monthly case review meetings are held in order to ensure that cases are progressed efficiently. Case reviews will be carried out on a 6 monthly basis.

Insolvency practitioners have a duty to keep adequate case records including documents relating to every transaction undertaken throughout the liquidation. This is so that we can demonstrate how the case was administered and to document reasons for any decisions made. Time spent keeping the records in order is allocated to case administration and is necessary to ensure that we have complied with the Insolvency Act 1986.

Compliance with the Insolvency Act, Rules and best practice

We will continue to complete the compliance requirements as detailed in Section 4 in order to progress the administration.

Realisation of assets

We will continue to liaise with Credebt Limited in respect of the book debt realisations. We will also continue to liaise with Hazelwoods, the Administrators of Clem Spencer Limited with regards our security in respect of the balance of the deferred consideration.

In addition, we will pursue the claims of the directors and any realisations will be reported in our future reports.

Investigations

As previously discussed, our investigations into the Company's affairs prior to our appointment remain ongoing and any potential recoveries will be advised in future reports.

Dealing with all creditors' claims (including employees), correspondence and distributions

We shall continue to answer any queries raised by the creditors.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

The Administrators are required to deal with post-appointment taxation matters, and this includes submission of Corporation Tax ("CT") and VAT returns to HM Revenue and Customs ("HMRC"). The

timely submission of such returns prevents incurring penalties and allows the administrators to reclaim any refunds due. We will submit our CT and VAT returns as required.

13. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect.

Investigations completed and action taken

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Our assessment has considered the following areas:

- Misfeasance or breach of duty by any officer of the Company;
- Misapplication or retention of Company money or property;
- Transactions at undervalue or defrauding creditors;
- Transactions entered into with the intention of preferring one creditor over others;
- Compliance with Companies Acts in relation to the maintenance and preservation of accounting records, statutory registers and the submission of annual returns and accounts;
- The causes of failure and insolvency;
- Continued trading without a reasonable prospect of paying creditors.

As previously discussed, investigations remain ongoing.

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold:

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
28 September 2018	Sale of business, assets and shares	£70,000	Clem Spencer Limited	Directors of the purchasers were directors and shareholders of the Company.

Use of personal information

Please note that although the administration is being concluded, in discharging our remaining duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

14. CONCLUSION

As previously discussed, once the Notice of move from administration to creditors' voluntary liquidation (Form AM22) has been registered at Companies House (which we anticipate shortly), our appointment as administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation with the former administrators acting in the capacity as joint liquidators of the Company.

A handwritten signature in black ink, appearing to read 'P D Wood', with a stylized flourish at the end.

P D Wood
Joint Administrator

Date: 4 September 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 28 March 2019 to 4 September 2019

Statement of affairs	From 28/03/2019 To 05/09/2019 £	From 28/09/2018 To 05/09/2019 £
RECEIPTS		
Intellectual Property	0.00	7,499.00
Stock/WIP	0.00	1.00
Chattel Assets	0.00	17,500.00
	<u>0.00</u>	<u>25,000.00</u>
PAYMENTS		
Pre-Administration Fees	0.00	10,000.00
Legal Fees (1)	0.00	8,105.40
Records Management	0.00	300.00
	<u>0.00</u>	<u>18,405.40</u>
Net Receipts/(Payments)	<u>0.00</u>	<u>6,594.60</u>
MADE UP AS FOLLOWS		
Bank 1 Current	0.00	2,928.12
VAT Receivable / (Payable)	0.00	3,666.48
	<u>0.00</u>	<u>6,594.60</u>

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended) approved by decision of creditors via a deemed consent procedure.

Purpose of the Administration

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

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case, is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

In order to achieve the first purpose of an administration, the administrators must be able to rescue the Company as a going concern.

The Company had significant secured and unsecured creditor liabilities and therefore, a restructuring of these creditors would have been required to meet the first objective of an administration. Based on the available financial information, there was insufficient value placed on the Company's assets in order to affect a restructuring of the Company's considerable debt and the administrators concluded that the first option was not possible to achieve.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are:

- realising any other assets belonging to the Company as at the date of appointment;
- realising any rebates or refunds that may be due to the Company;
- investigating the Company's affairs to establish any causes of action, and reporting on the conduct of the directors;
- ensuring that any unresolved issues concerning the Company's affairs are concluded;
- obtaining any necessary clearances to conclude the administration.

Exit from Administration

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with the consent of creditors.

There are several possible exit routes from administration. Based on current information, the administrators consider the following exit routes may be appropriate.

Creditors' Voluntary Liquidation

In the event that a distribution to creditors will be made, we have the power to make a distribution of the prescribed part to unsecured creditors in the administration, but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice, our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

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

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

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party, the court may suspend or disapply the automatic dissolution of the Company.

Extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, we have agreed terms in respect of the deferred consideration of £5,000 to be paid in monthly instalments, until the balance of £60,000 has been paid in full. In addition, if we are not able to conclude our investigation or the recovery of any claims or assets that may come to light. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by

consent of the creditors for a specified period not exceeding twelve months. It may, therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment, in order to ensure that the objective of the administration can be fully achieved.

Likely Exit

At this stage of the administration, the administrators' believe the likely exit will be dissolution within 2 years from the date of appointment.

STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Legal fees	Clarke Willmott LLP	7,200.00	-	7,200.00
Storage	Re-store Plc	58.80	-	58.80
Debt Collection	Credebt Limited	2,486.85	-	2,486.85
Employee Advice	ERA Solutions Ltd	150.00	-	150.00
TOTAL		9,895.65	-	9,895.65

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Legal fees	Clarke Willmott	13,305.40	6,105.40	7,200.00
Legal fees	Veale Wasbrough Vizards LLP	2,000.00	2,000.00	-
Records Management	Linden Maintenance Ltd	300.00	300.00	-
Storage	Re-store Plc	67.80	-	67.80
Statutory advertising	The Stationery Office Ltd	84.18	-	84.18
Debt Collection	Credebt Limited	2,486.85	-	2,486.85
Bond	Marsh Ltd	20.00	-	20.00
TOTAL		18,264.23	8,405.40	9,858.83
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
None				