

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Georgina Goodman (Holdings) Limited	Company number 07085560
In the High Court of Justice, Chancery Division [full name of court]	Court case number 868 of 2011

(a) Insert full name(s) and address(es) of administrator(s)
We, Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V attach a copy of our proposals in respect of the administration of the above company

* Delete as applicable

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

(b) 30 March 2011

(b) Insert date

Signed

Joint / Administrator(s)

Dated

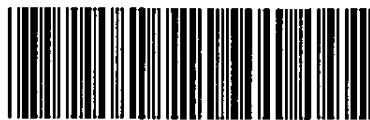
30/3/11

Contact Details

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

Begbies Traynor (Central) LLP 32 Cornhill, London, EC3V 3BT	
	Tel 020 7398 3800
Fax Number 020 7398 3799 (Fax)	DX Number

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COMPANIES HOUSE

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

DX 33050 Cardiff



Kirstie Jane Provan and Mark Robert Fry were appointed as joint administrators on 4 February 2011

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

Georgina Goodman (Holdings) Limited (In Administration)

Statement of proposals of the joint administrators for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

Important Notice

The administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Georgina Goodman (Holdings) Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 4 February 2011
"the administrators"	Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (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"	<ul style="list-style-type: none">(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 Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Georgina Goodman (Holdings) Limited	
Trading name(s)	Georgina Goodman (Holdings) Limited	
Date of Incorporation	24 November 2009	
Company registered number	07085560	
Company registered office	32 Cornhill, London, EC3V 3BT	
Former registered office	12-14 Shepherd Street, Mayfair, London, W1J 7JF	
Trading address(es)	12-14 Shepherd Street, Mayfair, London, W1J 7JF	
Principal business activities	Holding company	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Mohammed Abdulmajid Bin Dakhil	-
	Noga Confino	2,696
	Georgina Cunningham	3,500
	John Anthony Cunningham	4,776
	James Matthew Smallridge	-
Company Secretary and details of the shares held in Company (if any)	Name:	Shareholding
	None	-
Auditors	N/A – Small company audit exemption	
Share capital	£175,003 55 of A ordinary shares – 3,539 shares £25,000 40 of B ordinary shares – 505 shares £160 90 of ordinary shares – 16,176 shares	
Shareholders		Shareholding
	Georgina Cunningham	3,500
	John Anthony Cunningham	4,776
	Noga Confino	2,696
	Minchau Nguyen	525
	Emilia Nella	705
	Tim Attias	955
	Angie Moxham	500
	Robert Cunningham	450
	Rupert Scott	382
	Tim Attias and Rupert Scott (Joint)	5
	Giovanni Nella	276
	Stuart Bygrave	229
	Amy Lashinsky	461
	Philipp Gajzer	358
	Alexander Bossert	358
	Core VCT IV plc	268
	Core VCT V plc	269
	Shoeinvest	3,539

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators	Kirstie Jane Provan and Mark Robert Fry Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of administrators' appointment	4 February 2011
Court	High Court of Justice, Chancery Division
Court Case Number	868 of 2011
Person(s) making appointment / application	The directors of the Company
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.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The Company was incorporated in November 2009 and operated as a holding company for its solely owned trading subsidiary Georgina Goodman Limited ("the Subsidiary") The Subsidiary is a high end designer and retailer of luxury footwear

Core Capital LLP ("Core") hold security in the form of a debenture created on 8 July 2010, conferring fixed and floating charge over the Company's assets Core hold the debenture as security trustee on behalf of Core VCT IV Plc, Core VCT V Plc and Shoeinvest Limited ("the Lenders") The Company's indebtedness to the Lenders was approximately £3 844m by way of secured convertible loan notes, this outstanding indebtedness was supported by a cross-guarantee from the Subsidiary

The reasons for the Company's insolvency

The Company was incorporated to provide a funding vehicle for the Subsidiary The Company's assets consisted of an investment in the Subsidiary of approximately £518,000 (share capital) and an intercompany receivable of approximately £3 45m due from the Subsidiary This intercompany debtor reflected the funding received by the Company from the ultimate shareholders and the Lenders, which was on-lent to the Subsidiary for start-up capital and ongoing cash flow purposes

The Company experienced financial difficulties due to increased funding requirements of the Subsidiary for working capital purposes The increased funding requirements of the Subsidiary arose as a result of forecast sales not being achieved and cost overruns

Both the shareholders of the Company and the Lenders were approached to provide further funding for the benefit of the Subsidiary, however neither parties were willing to inject any further funding into the existing structure In addition, the shareholders were not prepared to dilute their equity holding in order to allow the Lenders to inject additional capital into the Company in consideration for a larger equity stake

As a result, the Subsidiary was in a position where it needed to consider its insolvency options This rendered the intercompany debt uncollectable and therefore the Company insolvent on a balance sheet basis Furthermore, given the lack of cash flow from the Subsidiary, the Company was not, or would not have been, in a position to meet any interest requirements in relation to the loan notes The Company was therefore also insolvent on a cash flow basis as defined by s 123 of the Insolvency Act 1986

In light of the above, the directors of the Company, supported by the available financial information, formed the opinion that both the Company and the Subsidiary would likely fail unless further funding was injected into the business

The Company proved to be insolvent on a balance sheet basis and was consequently unable to pay its debts as and when they fell due This lack of liquidity was compounded by the deteriorating conditions alluded to above At the Company's Board meeting held on 4 February 2011 it was resolved that Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP be appointed joint administrators of the Company

5. STATEMENT OF AFFAIRS

The directors' have prepared a statement of affairs of the Company as at 4 February 2011 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

Our comments on the estimated statement of affairs are detailed in Appendix 2 to this report.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 4 February 2011 to 29 March 2011.

RECEIPTS

Subsidiary shares

A nominal amount of £1 was received as consideration for all shares held in the Company's subsidiary, Georgina Goodman Limited, as detailed below.

Pre-packaged sale of the business and assets

Creditors of the Company have already been provided with information on the pre-packaged sale of the Company's business and assets by letter dated 10 February 2011.

The information previously provided to creditors is attached at Appendix 3.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the directors' statement of affairs) are as follows:

Secured creditors

Core Capital LLP ("Core") holds an 'all monies' Debenture created on 8 July 2010 and registered on 14 July 2010, conferring fixed and floating charges over the whole of the Company's property. Core hold the debenture as security trustee on behalf of Core VCT IV Plc, Core VCT V Plc and Shoeinvest Limited ("the Lenders"). The Company's indebtedness to the Lenders was £3,884,365 as at the date of administration by way of secured convertible loan notes.

Core's Debenture was created after 15 September 2003 and therefore a 'Prescribed Part' is applicable in respect of the net realisations of property subject to Core's floating charge pursuant to section 176A of the Insolvency Act 1986 ("the Act"). However, we anticipate that there will be little or no floating charge realisations and, therefore, no prescribed part available to the unsecured creditors. This is dealt with in more detail below.

As part of the sale of the shares in the Subsidiary, the Lenders consented to the assignment of the loan notes and attaching security to the Purchaser.

Preferential creditors

Preferential creditors comprise claims from former employees for arrears of wages up to £800 and accrued holiday pay. To the extent that an employee's contractual arrears of wages is not covered by the statutory limit of £800, the remainder of the claim would rank as an unsecured claim against the Company.

The RPO processes employee payments at a current statutory rate of £400 per week, for arrears of wages (*up to a maximum of 8 weeks arrears*), holiday pay (*up to a maximum of 6 weeks arrears*), statutory redundancy pay (*calculated by reference to a statutory scale*) and statutory notice pay (*between 1-12 weeks depending on length of service*). Where the RPO has advanced funds in respect of employee preferential claims, it will have a subrogated claim for these sums in the administration.

The Company had no employees (all employees were employed by the subsidiary operating company Georgina Goodman Limited) and therefore, there are *no* Preferential Creditors.

Unsecured creditors

Based upon information provided within the Directors' statement of affairs, unsecured creditors comprise of loan notes and one other creditor, totalling £2,583,066.

On present information, after accounting for the costs of the administration, the joint administrators consider that it is *highly unlikely* that there will be any funds available to make a distribution to unsecured creditors.

Creditors should consult their own professional advisors as regards VAT bad debt relief.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*,
- ☐ 20% of *net property* thereafter,
- ☐ Up to a maximum amount to be made available of £600,000.

An administrator will not be required to set aside the *prescribed part of net property* if

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

As mentioned above, the administrators do not anticipate that there will be any 'Prescribed Part' available to the unsecured creditors.

8. ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

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 our 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. We furthermore consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole

We do not consider that the objective specified in sub-paragraph 3(1)(a) is achievable given that we were advised that the existing shareholders were unwilling to inject funding into the group structure prior to administration. Furthermore, we were advised that the remaining shareholders were not prepared to dilute their equity holding in order to allow the Lender to inject additional equity monies in consideration for a larger equity stake

We do not consider that the objective specified in sub-paragraph 3(1)(b) is achievable due to the fact that the value of the subsidiary shares is such that we consider that there will be a shortfall to the secured creditor in this case. Similarly, we do not envisage any distribution to the secured creditor under their floating charge, and as such, do not anticipate any distribution to unsecured creditors by way of the prescribed part, as mentioned above

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude all outstanding statutory and other matters. The principal matter to deal with in this respect is

- To investigate the conduct of the director of the Company and submit our report to the Department of Business, Innovation and Skills (formerly Department of Trade and Industry) in this regard

Proposals to be considered by creditors

In accordance with paragraphs 3 and 49 of Schedule B1 of the Act, the Joint Administrators' proposals are as follows

- I The Joint Administrators take all necessary actions to preserve the value of the Company's assets and achieve maximum recovery of the company's assets
- II The Joint Administrators continue to realise the assets of the Company for the benefit of the creditors and instigate any Court actions deemed of value to the Company and its stakeholders
- III The Joint Administrators propose to make application to Court as they deem fit at any time for directions in relation to any particular matter arising in connection with the carrying on of their functions
- IV The Joint Administrators investigate any antecedent transactions that may have detrimentally affected the Company's financial position

- v The Joint Administrators may, where possible, make a distribution to any preferential creditors in accordance with the requirements of the Act, and if appropriate, may make an application to the Court for the payment of the unsecured creditors
- vi The Joint Administrators may exit the administration by way of either dissolution or creditors' voluntary liquidation, at such time as the Joint Administrators consider that one or more of the purposes of the administration as set out above have been achieved. If the exit route is by way of a creditors' voluntary liquidation, it is proposed that Kirstie Provan and Mark Robert Fry both of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT be appointed Joint Liquidators of the Company
- vii These proposals shall be subject to such modifications or conditions as the Court may approve or impose
- viii That the duration of the administration order be initially extended by 6 months, if required, and extended further, if necessary
- ix That the Joint Administrators be and they are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as Joint Administrators ceases to have effect
- x That upon effective movement from Administration to Creditors' Voluntary Liquidation, the Joint Liquidators may act joint and severally and that any act required or authorised under any enactment to be done by a liquidator may be done by any one or more persons holding the office of liquidator from time to time

Exit from Administration

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 implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, 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.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. Yet Paragraph 76 of Schedule B1 to the Act provides that 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, the administrator's 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 six 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 six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

If it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

9. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Administrators' Remuneration and Disbursements – Shoeinvest Limited

Prior to the joint administrators' appointment, it was agreed with Shoeinvest Limited ("Shoeinvest") that pre and post appointment costs and disbursements associated with the administration would be settled by Shoeinvest direct, up to a maximum of £40,000 plus VAT plus disbursements

The Joint Administrators' remuneration has been fixed by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 4 of this report

The following further information in relation to the joint administrators' time costs and disbursements is set out at Appendix 4

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 4 February 2011 to 24 March 2011
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date the joint administrators have incurred total time costs of £33,679 plus VAT in dealing with pre and post appointment matters

Pre-administration costs

In the period before the Company entered administration, Begbies Traynor (Central) LLP and BTG Restructuring conducted a targeted accelerated marketing campaign to establish any third party interest in acquiring the business and assets of the Company, whether out of a formal insolvency appointment or otherwise

Due to the nature of the assignment and level of delays seen, the work undertaken prior to the administration was time intensive, with time being spent negotiating with Intercede 2387 Limited and considering several deal structure changes. In addition, it was also necessary for a significant amount of time to be spent liaising with the Lenders regarding the business sale and the appointment of administrators

The pre-appointment work was carried out pursuant to an agreement made between the Joint Administrators and the Company. The work was necessary in order to affect a pre-packaged sale of the Company's assets

For these reasons the joint administrators consider that the pre-appointment work has furthered the achievement of the objective of administration being pursued, namely achieving 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)

The Joint Administrators pre-administration time costs were in the total sum of £14,352 plus VAT

Administrators' disbursements

The Joint Administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firms policy, details of which are set out at Appendix 3. These disbursements will be identified by the administrators and are subject to the approval of those responsible for determining the basis of the administrators' remuneration.

10. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

The administrators have a statutory duty to investigate the conduct of the directors and any person they consider to be or have been a shadow or de facto director during the period of three years before the date of their appointment, in relation to their management of the affairs of the Company and the causes of its failure. The administrators are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

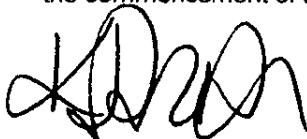
Creditors who wish to draw any matters to the attention of the administrators' should write to them at their address detailed at Section 3 of this report.

11. CONCLUSION

The administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors.

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the administrators' proposals is disapplied by paragraph 52(1). The administrators are therefore not under a statutory obligation to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 8 business days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is requisitioned, then by Rule 2.33(5), the administrators' proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



Kirstie Jane Provan
Joint Administrator

Date 29 March 2011

ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

4 February 2011 to 29 March 2011

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 4 February 2011 to 29 March 2011

Statement of
Affairs
(Estimated to
Realise)

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
ASSETS NOT SPECIFICALLY PLEDGED			
0 Ordinary shares in Georgina Goodman Limited	1	-	1
0 Preference shares in Georgina Goodman Limited	-	-	-
0 Inter-company balance with Georgina Goodman Limited	-	-	-
	<u>1</u>	<u>-</u>	<u>1</u>
Payments			
Administrator's fees*	-	-	-
Administrator's disbursements*	-	(1)	(1)
	<u>1</u>	<u>(1)</u>	<u>-</u>
Available for preferential creditors			
Preferential Creditors	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net property			
Prescribed part of net property set aside for unsecured creditors	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Available for floating charge holder			
Floating charge holder - Barclays Bank Plc	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Summary of balances held			
Fixed charge	<u>-</u>		
	<u>-</u>		
Floating charge	<u>-</u>		
	<u>-</u>		
Summary of anticipated outcome for creditors			
Prescribed part of net property set aside for unsecured creditors			-
Less costs associated with prescribed part			-
Expected Return to Unsecured Creditors			<u>-</u>

* Fees and disbursements being settled by third party, Shoeinvest Limited

APPENDIX 2

**DIRECTORS' STATEMENT OF AFFAIRS AS AT 4
FEBRUARY 2011**

Assets

Assets subject to fixed charge

Assets subject to floating charge

Cost of ordinary shares in Georgina Goodman Limited

Preference shares in Georgina Goodman Limited

Inter-company balance with Georgina Goodman Limited

Uncharged assets.

Estimated total assets available for preferential creditors

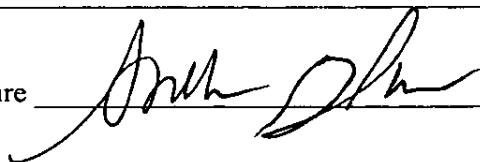
Book Value £	Estimated to Realise £
548,207	-
285,000	-
3,081,926	-
3,915,133	-

Signature  Date 17.3.11

A1 – Summary of Liabilities

	£	Estimated to realise (£)
Estimated total assets available for preferential creditors (carried forward from page A)		-
Liabilities		
Preferential creditors.-		
Secured loan note holders	(1,301,299)	
Estimated deficiency/surplus as regards preferential creditors		(1,301,299)
Estimated prescribed part of net property where applicable (to carry forward)	-	-
Estimated total assets available for floating charge holders		-
Debts secured by floating charges		-
Estimated deficiency/surplus of assets after floating charges		(1,301,299)
Estimated prescribed part of net property where applicable (brought down)		-
Total assets available to unsecured creditors		-
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	(2,583,066)	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(2,583,066)
Shortfall to floating charge holders (brought down)		(1,301,299)
Estimated deficiency/surplus as regards creditors		(3,884,365)
Issued and called up capital		(231,801)
Estimated total deficiency/surplus as regards members		(4,116,166)

Signature



Date

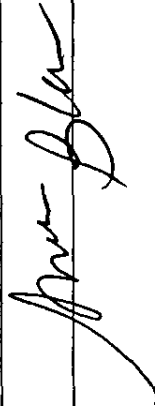
17.3.11

COMPANY CREDITORS

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

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Minchau Nguyen	4661 Kenmore Drive, Washington DC, 20007 USA	80,821			
Emilia Nella	.27 Thorpewood Avenue, London, SE26 4BU	16,500			
Tim Attias	10 Randolph Road, London W9 18N	159,710			
Robert Cunningham	1449 East, 10 th Avenue, Vancouver, BC V5N 1X4, Canada	4,833			
Rupert Scott	Flat 22, 169 Queen's Gate, London, SW7 5HE	159,620			
Homerite Property (Gib) Ltd	27 Thorpewood Avenue, London, SE26 4BU	176,868			
White Cottage Lake Limited Retirement Benefit Trust, c/o St Anne's Trustees Ltd Limited	Richmond House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1GZ	67,481			
Core VCT IV plc	Caparo House, 103 Baker Street, London W1U 6LN	126,125			
Core VCT V plc	Caparo House, 103 Baker Street, London W1U 6LN	126,125			
Shoeinvest	P O Box 2510, Grand Cayman, KY1-1104, Cayman Islands	1,599,202			

Core VC1 IV plc	Caparo House, 103 Baker Street, London W1U 6LN	75,333	Fixed and floating charge on assets of Georgina Goodman Limited	8 July 2010	
Core VCT V plc	Caparo House, 103 Baker Street, London W1U 6LN	75,333	Fixed and floating charge on assets of Georgina Goodman Limited	8 July 2010	
Shoeinvest	P O Box 2510, Grand Cayman, KY1-1104, Cayman Islands	1,150,634	Fixed and floating charge on assets of Georgina Goodman Limited	8 July 2010	
Shoeinvest	P O Box 2510, Grand Cayman, KY1-1104, Cayman Islands	100,000			

Signature  Date 17.3.11

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
Georgina Goodman	50A The Avenue, London, NW6 7NP	3,500	£1.00 each	Ordinary
John Anthony Cunningham	50A The Avenue, London, NW6 7NP	4,776	£1.00 each	Ordinary
Noga Confino	White Cottage, Chalvington, Hailsham, East Sussex, BN27 3TF	2,696	£1.00 each	Ordinary
Minchau Nguyen	4661 Kenmore Drive, Washington DC, 20007 USA	525	£1.00 each	Ordinary
Emilia Nella	27 Thorpewood Avenue, London, SE26 4BU	705	£1.00 each	Ordinary
Tim Attias	10 Randolph Road, London W9 18N	955	£1.00 each	Ordinary
Angie Moxham	Largo House, Broad Street, Uffington, Oxfordshire, SN7 7RA	500	£1.00 each	Ordinary
Robert Cunningham	1449 East, 10 th Avenue, Vancouver, BC V5N 1X4, Canada	450	£1.00 each	Ordinary
Rupert Scott	Flat 22, 169 Queen's Gate, London, SW7 5HE	382	£1.00 each	Ordinary
Tim Attias and Rupert Scott (Joint)	10 Randolph Road, London W9 18N Flat 22, 169 Queen's Gate, London, SW7 5HE (respectively)	5	£1.00 each	Ordinary
Giovanni Nella	27 Thorpewood Avenue, London, SE26 4BU	276	£1.00 each	Ordinary
Stuart Bygrave	20 Fernhill Crescent, Singapore, 259174	229	£1.00 each	Ordinary
Amy Lashinsky	11 Pembridge Crescent, London, W11 3DT	461	£1.00 each	Ordinary
Philipp Gajzer	c/o move now commercial brokers Gmbh & Co. KG, International Real Estate Consultants, Elisabethstrasse, 68165 Mannheim, Germany	358	£1.00 each	Ordinary
Alexander Bossert	c/o move now commercial brokers Gmbh & Co KG, International Real Estate Consultants, Elisabethstrasse,	358	£1.00 each	Ordinary

	68165 Mannheim, Germany			
Core VCT IV plc	Caparo House, 103 Baker Street, London W1U 6LN	268	£1.00 each	B Ordinary
Core VCT V plc	Caparo House, 103 Baker Street, London W1U 6LN	269	£1.00 each	B Ordinary
Shoemvest	P O box 2510, Grand Cayman, KY1-1104, Cayman Islands	3,539	£1 00 each	A Ordinary
TOTALS		20,252		

Signature



Date

17.3.11

DIRECTORS' STATEMENT OF AFFAIRS

Notes to the Directors' Statement of Affairs

- 1 The Company's ordinary and preference shares held in Georgina Goodman Limited were deemed to have no realisable value due to the Subsidiary's funding requirements and the charge holders being unprepared to invest
- 2 The intercompany debt is uncollectable as the Company's subsidiary required substantial funding for working capital purposes. The charge holders were not prepared to dilute their equity holding in order to allow the Lenders to inject additional capital into the Company in consideration. Consequently, the estimated to realise value is nil
- 3 Core Capital LLP ("Core") holds the following security an 'all monies' Debenture created on 8 July 2010 and registered on 14 July 2010, conferring fixed and floating charges over the whole of the Company's property,

Core hold the debenture as security trustee on behalf of Core VCT IV Plc, Core VCT V Plc and Shoeinvest Limited ("the Lenders"). The Company's indebtedness to the Lenders was £3,884,365 by way of secured convertible loan notes, which will continue to accrue until the debt is repaid in full

**JOINT ADMINISTRATORS' STATEMENT
PURSUANT TO SIP16 IN RELATION TO THE PRE-
PACKAGED SALE OF THE BUSINESS AND
ASSETS OF THE COMPANY ON 4 FEBRUARY 2011**

Background Information

The Company was incorporated in November 2009 and operated as a holding company for its solely owned trading subsidiary Georgina Goodman Limited ("the Subsidiary"). The Subsidiary is a high end designer and retailer of luxury footwear.

Core Capital LLP ("Core") hold security in the form of a debenture created on 8 July 2010, conferring fixed and floating charge over the Company's assets. Core hold the debenture as security trustee on behalf of Core VCT IV Plc, Core VCT V Plc and Shoeinvest Limited ("the Lenders"). We understand that the Company's indebtedness to the Lender was c£3.844m by way of secured convertible loan notes. This outstanding indebtedness was supported by a cross-guarantee from the Subsidiary.

The reasons for the Company's insolvency

The Company was incorporated to provide a funding vehicle for the Subsidiary. The Company's assets consisted of an investment in the Subsidiary of c£518,000 (share capital) and an intercompany receivable of c£3.45m also due from the Subsidiary. This intercompany debtor reflected the funding received by the Company from the ultimate shareholders and the Lenders, which was on-lent to the Subsidiary for start-up capital and cash flow purposes.

The Company experienced financial difficulties due to increased funding requirements of the Subsidiary for working capital purposes. We understand that the increased funding requirements of the Subsidiary arose as a result of forecast sales not being achieved and cost overruns.

Both the shareholder of the Company and the Lenders were approached to provide further funding for the benefit of the Subsidiary, however we understand that neither parties were willing to inject any further funding into the existing structure.

We further understand that the shareholders were not prepared to dilute their equity holding in order to allow the Lenders to inject additional capital into the Company in consideration for a larger equity stake.

As a result, the Subsidiary was in a position where it needed to consider its insolvency options. This rendered the intercompany debt uncollectable and therefore the Company insolvent on a balance sheet basis. Furthermore, given the lack of cash flow from the Subsidiary, the Company was not, or would not have been, in a position to meet any interest requirements in relation to the loan notes. The Company was therefore also insolvent on a cash flow basis as defined by s 123 of the Insolvency Act 1986.

The reasons for the pre-packaged sale

In light of the above, the directors of the Company, supported by the available financial information, formed the opinion that both the Company and the Subsidiary would likely fail unless further funding was injected into the business.

As proposed administrators of the Company, we marketed the Group (being the Company and the trading Subsidiary) for sale as a going concern exploring both a sale out of administration or a 'solvent sale'. As detailed below, given the levels of secured debt and the perceived 'long hockey stick' recovery period (the length of time a new investor would take to recover their initial exposure and begin to build value), no offers were forthcoming from any third parties.

An offer for the shares of the Subsidiary was received from Intercede 2387 Limited ("the Purchaser"), a company connected with the Lenders, for nominal consideration. In the absence of any alternative offers, the proposed administrators accepted this offer on the basis that it would ensure the survival and continuation of trade of the Subsidiary.

As part of the process the Lenders consented to the assignment of the loan notes and attaching security to the Purchaser. Given that the intercompany balance due to the Company had no

value (as the Subsidiary was insolvent and unable to repay), part of the balance was waived by the Administrators and the remainder was assigned to the Purchaser in consideration for a pari-passu waiver of a portion of the outstanding secured debt. These were conditions of the sale and have no detrimental effect to any creditors or stakeholders in the Company.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

The Company's directors were introduced to Begbies Traynor (Central) LLP by Core Capital LLP.

What was the extent of Kirstie Jane Provan and Mark Robert Fry, and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

The following, in the joint administrators' opinion, are relationships with the Company which, although are prior professional relationships, do not constitute a Material Professional Relationship as defined and described in the Guide to Professional Conduct and Ethics issued by the Insolvency Practitioners Association:

1. Marketing of the business and assets of the Company by BTG Restructuring (an associate of Begbies Traynor (Central) LLP) – January 2011.

Please note that negotiations with the Purchaser in relation to the pre-packaged sale were conducted by Kirstie Provan and Mark Fry prior to their formal appointment as administrators and not by the directors of the Company.

What marketing of the Company's undertaking and assets was undertaken by the Company?

As discussed above, we understand that the shareholders of the Company were approached to enquire whether they would consider injecting further funds for onward transmission into the Subsidiary. However, we are advised that the existing shareholders were unwilling to inject funding into the existing structure. Furthermore, we are advised that the remaining shareholders were not prepared to dilute their equity holding in order to allow the Lender to inject additional equity monies in consideration for a larger equity stake.

What marketing of the Company's undertaking and assets was undertaken by Kirstie Jane Provan and Mark Robert Fry?

In advance of the appointment of Administrators over the Company and with the Company being unable to pay its debts as and when they fell due, BTG Restructuring conducted a targeted accelerated marketing campaign to establish any third party interest in acquiring the business and assets of the Company, whether out of a formal insolvency appointment or otherwise.

Contact was made to the following parties:

- Kelso Place Asset Management
- RCapital
- Oakley Capital
- Better Capital
- Hilco UK Limited
- Phoenix Equity Partners
- Graphite Capital
- Venrex Investments

The above parties are all distressed business purchasers who have a specialism in luxury goods and high end retail. Based on the results of the above marketing testing, it was clear that the Company's business was not attractive to any third party purchaser.

The major shareholder expressed an interest and made an offer for the purchase of the shares of the Subsidiary from the proposed administrators and, based on the above, the offer was considered and accepted.

What valuations of the Company's undertaking and assets were obtained?

Given the simple structure of the Company's balance sheet and the lack of physical assets, there was not considered a need for a formal valuation.

It is evident from the information available that the Group was insolvent and therefore the shares in the Subsidiary and intercompany debt worthless.

What alternative courses of action were considered by Kirstie Jane Provan and Mark Robert Fry?

The alternative course considered by Kirstie Provan and Mark Fry was a Creditors' Voluntary Liquidation ("CVL"). A sale of the Subsidiary's shares by the duly appointed liquidator would then occur. If the Company had not entered administration and a sale to the Purchaser had not completed, there would be no realisation of the shareholding in the Subsidiary (as it itself would be in an insolvency scenario with little likelihood of a return to creditors).

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

The Company did not trade. However a delayed sale of shares whilst the Company was in Administration was not possible as the Subsidiary was in immediate need of additional working capital. Without this we are advised that it would have failed in very short order.

What requests were made to potential funders to fund working capital requirements during the administration?

N/A – see above

What consultations were made with major creditors?

Numerous discussions and correspondence with the Lenders, as the creditors with the largest indebtedness.

What was the date of the transaction?

4 February 2011

What were the assets sold and what was the nature of the transaction?

The assets of the Company sold to the Purchaser consisted of the shares in the Subsidiary (sold for a nominal value of £1) and an intercompany debt.

For full details of the transaction please see previous comments.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The consideration for the sale and purchase was

- 1 In respect of the sale and purchase of the Subsidiary's shares, a total amount of £1,
- 2 In respect of the sale and purchase of the Intercompany Debt, the release by the Purchaser in full of the debt of £1,301,299 (pursuant to a loan note) and the procurement by the Purchaser of a release by the Lender (as security trustee under its debenture) of the security over the Subsidiary's shares and the intercompany debt

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

Intercede 2387 Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company?

The joint administrators have been made aware that James Smallridge and Mohammed Dakhil, directors of the Company are also directors of the Purchaser

We also understand that James Smallridge is connected with the Lender

Are any directors, or former directors, of the Company involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

The joint administrators have been made aware that James Smallridge and Mohammed Dakhil, directors of the Company are also directors of the Purchaser

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The directors have informed the joint administrators that they have given no guarantees to a prior financier

What options, buy-back arrangements or similar conditions are attached to the contract of sale?

There was a condition attached to the contract of sale with the Purchaser undertaking to the Joint Administrators to not sell any or all of the Subsidiary shares at any time before the expiry of thirty days from the completion date, being 4 February 2011

ADMINISTRATORS' TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to 24 March 2011 on this assignment amounts to 62.6 hours at an average composite rate of £308.73 per hour resulting in total (post-appointment) time costs of £19,327.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses,
- ☐ Begbies Traynor (Central) LLP's charge-out rates,
- ☐ Narrative summary of time costs incurred,
- ☐ Table of time spent and charge-out value.

In addition, a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from our website www.begbies-traynor.com via the "Corporate Recovery and Insolvency" link in the "Quick Links" box on the left hand side of the homepage. From there please follow the "Creditor" link which will take you to the appropriate page where the Guide can be found at the end.

Georgina Goodman Limited - In Administration
Time costs analysis for the period from 4 February 2011 to 24 March 2011

Staff Grade	Hours								Total hours	Time cost £	Average hourly rate
	Partner	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator			
Administration and planning											
Appointment and case planning	14 90	-	-	-	-	2 10	-	-	17 00	7,838	461 03
Administration and banking	2 80	-	-	-	-	3 90	2 50	-	18 80	4 059	215 90
Statutory reporting and statement of affairs	2 30	-	-	3 00	-	12 50	-	-	20 60	5,059	245 56
Investigations											
CDDA and investigations	-	-	-	-	-	-	-	-	-	-	-
Realisation of assets											
Debt collection	-	-	-	-	-	-	-	-	-	-	-
Property, business and asset sales	3 50	-	-	-	-	-	-	-	3 50	1,733	495 00
Retention of Title/Third party assets	-	-	-	-	-	-	-	-	-	-	-
Trading											
Trading	-	-	-	-	-	-	-	-	-	-	-
Creditors											
Secured	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	1 50	-	1 20	-	-	2 70	639	236 67
Creditors' committee	-	-	-	-	-	-	-	-	-	-	-
Other matters											
Meetings	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total hours by staff grade	23 50	-	-	4 50	-	19 70	2 50	-	62 60		
Total time cost by staff grade	11 633	-	-	1 125	-	4 334	375	-	1,860	19,327	308 73
Average hourly rate £	495 00			250 00		220 00	150 00		150 00		

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Georgina Goodman (Holdings) Limited
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	Kirstie Provan and Mark Robert Fry
DATE OF APPOINTMENT	4 February 2011

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case. In this case, fees are being paid outside of the administration by a third party and accordingly this is being provided for information purposes only.

1.2 **Complexity of the case**

In the initial phase of the administration, a large amount of time has been spent in dealing with the share sale, debt waiver and dealing with shareholders' queries.

1.3 **The office holders' effectiveness**

The Joint Administrators consider that the objectives and purpose of the administration have already been achieved in that the Subsidiary's survival and continuation of trade was ensured as a result of the share transfer and debt waiver.

Furthermore, in the opinion of the Joint Administrator's a better result has been achieved for creditors as a whole than would otherwise have been achieved had the company been wound up, without first being in administration.

1.4 **Nature and value of property dealt with by the office holders'**

The property dealt with by the administrators was that which was included in the sale of the Subsidiary's shares and a waiver of the inter company receivable completed on 4 February 2011.

1.5 **Anticipated return to creditors**

We currently anticipate that there will be no funds available to make a distribution to unsecured creditors, as detailed within the report.

1.6 **Time costs analysis**

An analysis of time costs incurred between 4 February 2011 and 24 March 2011 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

1.7 **The views of the creditors**

Creditors were advised of the administration as soon as reasonably practicable in line with best practice requirements and statute.

1 8 Approval of Fees, Expenses and Disbursements

Prior to the joint administrators' appointment, it was agreed with Shoerinvest Limited ("Shoerinvest") that pre and post appointment costs and disbursements associated with the administration would be settled by Shoerinvest direct

1 9 Other professionals employed & their costs

Solicitors, Squire, Sanders & Dempsey (UK) LLP, were chosen because of their respective expertise and ability to deal with the sale matters efficiently for the benefit of the progress of the administration

1 10 Staffing and management

Being a holding company only, the Company had no employees

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3

2 2 The rates charged by the various grades of staff who may work on a case are attached in an accompanying note

3. SUMMARY OF WORK CARRIED OUT SINCE OUR APPOINTMENT

Since our appointment the following work has been carried out

- Correspondence and discussions negotiating the sale of the shares of Georgina Goodman Limited,
- Conference telephone calls with solicitors regarding the sale,
- Executing sale documents,
- Dealing with shareholders' correspondence and claims,
- Undertaking investigations into the Company's affairs,
- Internal case meetings to discuss case strategy and progress,
- Dealing with the statutory duties as administrators, including preparing this report,
- Collecting and reviewing the Company's books and records,
- Liaising with the directors regarding the Company's Statement of Affairs

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £150 per meeting,
- Car mileage is charged at the rate of 40 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

² Ibid 1

held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	495
Director	375
Senior Manager	350
Manager	300
Assistant Manager	250
Senior Administrator	220
Administrator	180
Junior Administrator	150
Support	150

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units)