

The Insolvency Act 1986

Statement of administrator's proposals **2.17B**

Name of Company: Merthyr Tydfil Football Club Limited
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Company number: 03612963

In the: High Court of Justice, Chancery Division, Birmingham District Registry
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Court case number: 8349 of 2009
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(a) Insert full name(s) and address(es) of administrator(s)

I, (a) Mark Bowen of MB Insolvency, 22 The Tything, Worcester, WR1 1HD attach a copy of my 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) 21 July 2009

(b) Insert date

Signed: Mark Bowen
Administrator

Dated: 21/07/2009

Contact Details:

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

MB Insolvency	
22 The Tything, Worcester, WR1 1HD	
	Tel: 0121 359 6455
Fax Number 0121 333 7009	DX Number:

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

TUESDAY



PC1 18/08/2009 129
COMPANIES HOUSE

Mark Bowen appointed administrator on 12 June 2009

The affairs, business and property of the Company are being managed by the administrator, who act as the Company's agent.

Merthyr Tydfil Football Club Limited (In Administration)

Report and Proposals of the administrator under the provisions of Paragraph 49 of Schedule B1 to the Insolvency Act 1986

Contents

- Interpretation
- Statutory information
- Details of appointment of administrator
- Circumstances giving rise to the appointment of an administrator
- The administration period
- The administrator's proposals
- Statement of affairs
- Conclusion
- Appendices
 - 1 Administrators Time Costs and Expenses
 - 2 List of Known Creditors

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
“the Company”	Merthyr Tydfil Football Club limited (In Administration)
“the administration”	The appointment of administrator under Schedule B1 of the Insolvency Act 1986 on 12 June 2009.
“the administrator”	Mark Bowen of MB Insolvency , 22 The Tything, Worcester, WR1 1HD
“the Act”	The Insolvency Act 1986, as amended
“the Rules”	The Insolvency Rules 1986, as amended
“the creditors”	All preferential creditors and all unsecured creditors
“preferential creditor”	Any creditor of the Company whose claim is preferential within Section 386 of the Insolvency Act 1986 as at 12 June 2009 being the date the Company entered administration.
“unsecured creditor”	Any person (other than a preferential creditor) who has, or claims to have, any claim against the Company (whether the claim be present, future or contingent or prospective and whether liquidated or for damages and whether arising in contract or tort or otherwise) in connection with or arising from any matter occurring prior to 12 June 2009.

2. STATUTORY INFORMATION

Date of Incorporation: 11 August 2008
Company registered number: 03612963
Registered office: C/O MB Insolvency, 22 The Tything, Worcester, WR1 1HD
Trading address: Penydarren Park, Merthyr Tydfil, Mid Glamorgan, CF47 8RF
Principal business activities: Football Club and Social Activities
Trading names: Merthyr Tydfil Football Club
Directors: Wynford Peter Holloway
Simon Voss Ryan
Perry Johnson
Leighton Michael Davies
Sandra Ann Hollway
Lynn Mittell
Martin John Greenham
Company Secretary: William Derek Snowdon
Share capital: 40,682 £1 Ordinary Shares
Shareholders: Wynford Peter Holloway 38,648 Ordinary £1 Shares
William Snowdon 2,034 Ordinary £1 Shares

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Name(s) of administrator: Mark Bowen , Licensed Insolvency Practitioner of MB Insolvency, 22 The Tything, Worcester, WR1 1HD
Date of administrator's appointment: 12 June 2009
Court: High Court of Justice, Chancery Division, Birmingham District Registry 8349 of 2009.
Person(s) making appointment / application: Merthyr Tydfil Football Club Supporters Society Limited
Acts of the administrator's: The administrator acts as officer of the court and as agent 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: The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are '[main / territorial] 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 subparagraph (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 subparagraph (1)(a) unless he thinks either:
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (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 subparagraph (1)(c) only if:
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (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 ADMINISTRATOR

On 19 March 2009 a winding up petition was presented in the Companies Court of the High Court of Justice , Chancery Division by Her Majesty’s Revenue & Customs for the sum of £5,111.43 that related to unpaid National Insurance contributions and PAYE Liabilities of the company due to HMRC. The company did not oppose the petition which was advertised on the 23 April 2009 to be listed for hearing on 5 May 2009.

Merthyr Tydfil Football Club Supporters Society limited (‘MTFC Supporters Society Limited’) attended the hearing of the winding up petition, represented by their lawyers Cobbetts LLP, and requested, that the hearing of the petition be adjourned for 28 days. Her Majesty’s Revenue & Customs consented

Following the adjourned hearing, MTFC Supporters Society Limited, offered to enter into a loan agreement with the company to loan the amount owed to Her Majesty’s Revenue &

Customs subject to the grant of security to MTFC Supporters Society Limited in the form of a debenture over the assets and undertaking of the Company. I am advised that the directors of the Company were not agreeable to this.

MTFC Supporters Society Limited, by way of a letter dated 8 May 2009 from their representatives Cobbetts LLP, invited the board of directors to take the necessary steps to appoint an Administrator of the Company and offered to repay the Company's indebtedness to Her Majesty's Revenue & Customs.

No response to the letter was received and MTFC Supporters Society Limited, being a creditor of the company, made an application to Court in reliance on paragraph 12(1).(c). of the Schedule for an administration order.

In The High Court of Justice , Chancery Division Birmingham District Registry a Formal Administration Order was sealed under case number 8349 of 2009 and I was appointed Administrator.

5. THE ADMINISTRATION PERIOD

Following my appointment as Administrator I attended the company premises with my appointed valuation agent SHM Smith Hodgkinson

My agents have undertaken a review of the leasehold property and have recommended that they seek interest in the leasehold property on my behalf. At this atage they have not provided an indication as to the value, if any, that may be achievable for an assignment/disposal of the lease as they believe that this will be driven by interest shown.

At the date of my appointment there were no business activities taking place due to the nature of the company being that of a Football Club and my appointment/visit being during the closed season.

There was one remaining employee who continues to work as groundsman albeit not at my expense.

Upon my appointment a third party expressed interest in the company business and assets however despite agreeing to meet at the premises they failed to attend and have since proven uncontactable.

My agents and I have contacted several parties regarding the availability of the company business and assets however no serious interest by way of offers have been forthcoming to date.

I have met and had dialogue on numerous occasions with MTFC Supporters Society, the Southern League, the Football Association and Supporters Direct in order to discuss the likelihood and practicalities of the company trading as a football club during the forthcoming season. At the date of this report there remain several technical issues to resolve in order to achieve this.

It is envisaged that if the company is able to resume trading in some form then this will provide an opportunity for further interest in the company's business and assets to be identified.

An issue to trading is the role of MTFC Supporters Society who are both prepared to assist in the day to day functions as well as provide funding to me as administrator. The football authorities and the landlord have raised issues in relation to the structure of trading which if not resolved will result in trading not being recommenced.

Negotiations are continuing with all parties.

I have written to the company directors requesting information in relation to the company affairs, including the preparation of the statement of Affairs, and to ascertain whether they had or were aware of any parties who may be interested in the company's business and assets.

Receipts and Payments

Since the date of my appointment I have taken no receipts and have not made any payments to date.

6 ADMINISTRATOR'S PROPOSALS

Purpose of the Administration

I am required to set out my 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:

EITHER

the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(a), namely rescuing the Company as a going concern.

OR

it is not reasonably practicable to achieve the objective specified in subparagraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), 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).

OR

that the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), 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). Whilst it may be reasonably practicable to pursue the objective of rescuing the Company as a going concern, I consider this would be unlikely to achieve a better result for the Company's creditors as a whole.

OR

it is not reasonably practicable to achieve either of the objectives specified in subparagraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph paragraph 3(1)(c), namely realising property in order to make a

distribution to one or more secured or preferential creditors. I furthermore consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

For the reasons set out in my report (most particularly that my strategy continues to be established, and the stipulation that in order to continue with its present league status the Football Association requires for the company to exit via a CVA) I am presently unable to specify the objective that is likely to be achieved in this matter. The most likely outcome based upon present information however is 3(1)(c).

I envisage that this purpose of the administration will be achieved by a disposal of the leasehold premises that are secured in favour of Coors Brewers and HSBC Bank PLC.

Should the company be able to resume trading and an interested party be identified in respect of the football activities as well as the leasehold it may prove possible to achieve objective 3(1)(b)

If my proposals are approved, I will continue my efforts to negotiate the resumption of the company's business. Presently I envisage that any trading would be assisted by management and funding support, in addition to football activity revenues, from MTFC Supporters Society.

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

- Continuing to market the sale of the business and assets – in the event that football activity does not resume this will be the marketing of the leasehold and owned chattels only

Following these events I propose to finalise distributions to creditors in so far as realisations permit.

Exit from Administration

Presently in order to comply with Football Association requirements I propose that the Company seeks to formulate proposals in order to enter into a Company Voluntary Arrangement ("CVA"). If approved as a CVA it is proposed that the administrator will cease to act, but will act as supervisor of the CVA.

Presently I envisage that the basis of any proposal for a CVA will be the trading of the Company with distributions to creditors out of future profits/realisation of assets through the CVA.

The alternative option is to liquidate the Company's entire assets entailing the cessation of trading.

Should the creditors accept the administrator's overall proposals, then a meeting will be held under Section 3 (2) of the Act to consider the administrator's detailed proposal for a CVA once proposals have been formulated.

In the event that a CVA is unachievable but that the total amount which each secured creditor of the Company is likely to receive has been paid to him or set aside for him a distribution will be made to the unsecured creditors of the Company¹.

However as administrator I do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. 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 I am satisfied that I have fully discharged my duties as administrator and that the purpose of the administration has been fully achieved, I propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, my appointment as administrator shall cease to have effect and the company will automatically be placed into creditors voluntary 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.

I confirm that as part of my proposals I seek nomination as liquidator 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.

On present information I consider that the Company may have insufficient property to enable a distribution to be made to unsecured creditors. In this event I will not be in a position to exit into CVA nor liquidation.

Consequently if this proves to be the position, as soon as I am satisfied that I have fully discharged my duties as administrator and that the purpose of the administration has been fully achieved, I 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 me to the Registrar of Companies, my appointment as administrator 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 appointment. In particular, this situation will arise if I am not

able to conclude the realisation of the leasehold. 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 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge 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 claims. *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 realisation). The *prescribed part* 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* if:

- the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- he 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)).

Rule 2.33 of the Rules requires that my proposals for achieving the purpose of the administration shall include, to the best of my knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

Pursuant to Rule 2.33(3), however I consider it in the best interests of the creditors not to disclose such estimates at this time on the grounds that the disclosure could seriously prejudice the commercial interests of the Company.

On present information I confirm that it is not my intention to make an application to court under section 176A(5). However I reserve my position generally in this regard should circumstances materially change.

Administrators' Remuneration

The administrator proposes to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that I may draw

my remuneration on account as and when funds permit. The administrator also seeks approval to re-charge expenses in line with their firm's policy.

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 date on this assignment amounts to 50.25 hours at an average composite rate of £167.81 per hour resulting in total time costs to date of £8,432.50

To assist creditors in determining this matter, the following further information as regards time costs and expenses is set out at Appendix [1]:

- MB Insolvency policy for re-charging expenses
- MB Insolvency charge-out rates
- A creditors' guide to administrators' fees

7. STATEMENT OF AFFAIRS

To date I have not received the directors' statement of affairs as at 12 June 2009. Attached Appendix (2) is a list of the company's known creditors including their names, addresses and details of their debts, including any security held.

8. CONCLUSION

Pursuant to paragraph 51 of Schedule B1 to the Act, the administrator's proposals will be considered at an initial meeting of the Company's creditors summoned in accordance with the Notice of meeting (Form 2.20B) accompanying this document.

Subject to the approval of our proposal I 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.



Mark Bowen
Administrator
21 July 2009

SUMMARY OF TIME SPENT FOR THE PERIOD 12 June 2009 TO 21 July 2009

Classification of work	Partner	Manager	Administrator/ Senior Administrator	Support	Total Hours	Time Cost £	Average Rate £/h
Pre Appointment	2.00				2.00	550.00	275.00
Statutory compliance, administration and planning			18.00		18.00	2,160.00	120.00
Investigations							
Realisation of assets		13.50	12.00		25.50	5,152.50	202.06
Trading							
Creditors			4.75		4.75	570.00	120.00
Total hours	2.00	13.50	34.75		50.25		
Total fees claimed	550.00	3,712.50	4,170.00			8,432.50	167.81

Chargeout rates:

Partner	£225-£350
Manager	£175-£220
Senior Administrator	£100-£160
Administrator	£70-£100
Support	£50-£70

Standard Activity

Statutory Compliance, administration and planning

Investigations

Realisation of assets

Trading

Creditors

Examples of Work

Statutory reporting and compliance
Compliance with other regulatory requirements
Case planning
Administrative set up
Appointment notification
Maintenance of records

SIP 2 review
CDDA reports
Investigating antecedent transactions

Identifying, securing, insuring assets
Retention of title
Debt collection
Property, business and asset sales

Management of operations
Accounting for trading
On-going employee issues

Communication with creditors
Creditors' claim (including employees and other preferential creditors)

POLICY FOR RECHARGING EXPENSES

Summary of category 1 disbursements for the period 12 June 2009 to 21 July 2009

	£
Bond	104.00
Advertising	75.60
Telephone	0.00
Car mileage	TBC
Travel	0.00
Subsistence	0.00
External room hire	0.00
External photocopying	0.00
External storage	0.00
Mail Re-direction	TBC
Swear Fee	0.00
Company Search Fee	0.00
Professional Fees	0.00
Other	0.00
	<u>179.60</u>

Summary of category 2 disbursements for the period 12 June 2009 to 21 July 2009

Photocopying/Printing	14.28
Postage	9.75
Fax	0.00
Colour photocopying	0.00
Registered office fee	0.00
Storage	0.00
MYOB charge	0.00
Room hire	0.00
	<u>24.03</u>

Category 2 disbursement rates:

Type	Rate
Photocopying/Printing	£0.17 per sheet
Fax	£0.40 per sheet
Postage	Royal Mail Rates
Colour Copying	£2.50 per sheet
Storage of boxes internally	£4.00 per box per qtr
Destruction of boxes	£8.50 per box
Registered Office Fee	£125 pa
MYOB charge	£25 per quarter
Mileage	£0.40/£0.60 per mile
Room hire	£60 per hour where held at MB insolvency Offices