

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company A & R Services (M & E) Limited

Company number 06252830

In the High Court, Chancery Division <small>(full name of court)</small>
--

Court case number 4693 of 2011

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

I/We (a)
Simon Franklin Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
London
E14 9XQ

Daniel Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
London

*Delete as applicable

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

A copy of these proposals was sent to all known creditors on 23 June 2011

(b)

Signed



Joint Administrator(s)

Dated

23 / 6 / 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 researchers of the public record

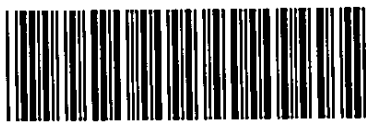
Simon Franklin Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
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E14 9XQ

DX Number

020 7538 2222
DX Exchange

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

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COMPANIES HOUSE

**A & R Services (M & E) Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986**

Strictly Private and Confidential

A & R Services (M & E) Limited (In Administration)

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

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A & R Services (M & E) Limited (In Administration)
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1 Executive Summary	SECTION/APP REFERENCE
1.1 The Company was placed into Administration on 31 May 2011. The purpose of rescuing the Company as a going concern was not achievable. The primary purpose of the Administration was therefore to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.	Section 5
1.2 The Company was incorporated on 18 May 2007 and was used as a vehicle to purchase the business and assets of its predecessor, A & R Electrical Services Limited. The Company provides building maintenance and repair services. Its trading premises are situated at The Old Dairy, Dumford Avenue, Bristol BS3 2AW.	Section 4 and Appendix I
1.3 In order to assist with cash flow, the Company entered into an invoice discounting arrangement with Venture Finance Plc in 2009. A debenture was registered at Companies House on 9 December 2009 by way of security. The Company's financial position subsequently deteriorated as a result of cash flow difficulties, the deferred consideration payments following the purchase of its predecessor. The Company also struggled to maintain its tax liability with HM Revenue & Customs which resulted in serious arrears and led to a Winding up Petition being issued against the Company on 16 April 2011. In the circumstances, Venture sought to appoint Administrators, in order to obtain the benefit of a moratorium and to protect its exposure.	Section 4 And Appendix II
1.4 It was envisaged that the primary purpose of the Administration would be achieved by the sale of the business and assets on a going concern basis. Given the lack of funding available, continued trading was not an option. The Joint Administrators have now however completed a sale of the Company's business and assets.	Section 6
1.5 The purpose of the Administration is still in the process of being achieved and there is still a significant amount of work to be undertaken, effecting realisations in respect of debtor recoveries and continued investigations into the Company's affairs. The Joint Administrators consider that it may be advisable for the Company to continue in Administration for the time being. However, they require the option of placing it into Creditors' Voluntary Liquidation for distribution purposes in the unlikely event that there are sufficient realisations in the Administration for a dividend to unsecured creditors. Alternatively, the Joint Administrators will file notice of dissolution of the Company at Companies House should they take the view that the Company has no property which might permit a distribution to its creditors, unless they believe that they should present a winding up petition at court, so that a liquidator can be appointed to further investigate the Company's affairs. It is not proposed to convene a meeting of creditors.	Sections 7, 11 and 12
1.6 Questionnaires have been sent to creditors. Responses may assist the Joint Administrators with their general investigation duties. Accordingly, those who have not replied are urged to do so.	Section 13

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2 Introduction

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

3 The Joint Administrators' Appointment

- 3.1 On 31 May 2011, Notice of Appointment of an Administrator by Holder of a Qualifying Floating Charge ("the Notice of Appointment") was presented to High Court of Justice by Solicitors, PDT on behalf of Venture Finance PLC ("Venture")
- 3.2 On the same day, the Notice of Appointment on an Administrator was endorsed with case No 4693 of 2011 Both Simon Franklin Plant and Daniel Plant of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London E14 9XQ were appointed Joint Administrators ("the Joint Administrators") Pursuant to Schedule B1, Paragraph 100(2) of the Act, the Joint Administrators act jointly and severally

4. Company History, Events Leading to the Administration Order and Pre-Planning Work

Company History and Events Leading to the Administration Order

- 4.1 Albert that statutory information is contained in **Appendix I**, this report provides brief details in relation to the Company's history
- 4.2 The Company was incorporated on 18 May 2007 The Company provides building maintenance and repair services Its trading premises are situated at The Old Dairy, Durnford Avenue, Bristol BS3 2AW ("the Trading Premises")
- 4.3 As at the date of the placing of the Company into Administration, Philip Burland-Beech ("Mr Burland-Beech" and Graham Harvey ("Mr Harvey") (collectively, "the Directors") were the Company's appointed directors Mr Harvey was also the registered Company Secretary A full list of historic company appointments is scheduled at **Appendix I**
- 4.4 The Directors have advised that the Company operated its banking facilities with Barclays Bank Plc ("Barclays") and details of the account balances have been requested by the Joint Administrators It is understood that the Company's accounts with Barclays is circa £7,000 in credit
- 4.5 By way of company history, the Directors have explained that the Company was used as a vehicle to purchase the business and assets of its predecessor, A & R Electrical Services Limited ("ARE") in 2009, following the placing of that company into Administration ARE was previously subject to a Company Voluntary Arrangement, which failed following a default event
- 4.6 In order to assist with cash flow, in 2009 the Company entered into an invoice discounting arrangement with Venture who registered a debenture at Companies House on 9 December 2009
- 4.7 The Directors explained that the Company's financial position deteriorated predominantly due to late payments from some of its major customers It is also understood that it found itself under increasing financial pressure due to making monthly deferred consideration payments to ARE's Administrators As

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a result, the Company did not adequately maintain its tax liability with HM Revenue & Customs ("HMRC") and this led to HMRC presenting a Winding up Petition ("the Petition") on 16 April 2011

- 4.8 In light of the Petition, Venture sought to appoint Administrators, in order to obtain the benefit of a moratorium and to protect its exposure
 - 4.9 On 31 May, PDT filed the Notice of Appointment at the High Court of Justice on behalf of Venture which was subsequently endorsed with case number 4693 of 2011, appointing the Joint Administrators, at 12.50pm on that same day
 - 4.10 At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration ("the Statement of Affairs") The Statement of Affairs indicates that the Company was insolvent on a balance sheet basis with a deficiency to creditors of £234,738
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Pre-planning work

- 4.11 The Partners of SFP, together with SFP's staff have undertaken pre-appointment work in respect of this matter. This work includes printing and reviewing company searches, discussing the position with Venture and the Directors, holding internal meetings and dealing with appointment documentation

5 The Purpose of the Administration

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

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

- 6.1 As a rescue of the Company was not possible, the primary purpose of the Administration was to obtain a better result for the creditors as a whole than would be achieved if the Company was simply wound up (without first being in Administration). This would potentially be achieved with the assistance of a statutory moratorium, which protects a company when it is placed into Administration. The moratorium effectively prevents all creditors' actions being taken or progressed without leave of the Court or the Administrator's consent, thereby providing a company with breathing space in which a strategy can be invoked to maximise realisations

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- 6.2 Upon appointment, members of SFP's Administration department and debt recovery division, SFP Recoveries Limited ("SFP Recoveries") (collectively, "the Administration Team") attended the Trading Premises. Further, chattel asset valuers, Edward Symmons ("ES") were instructed to attend in order to compile a valuation and inventory of the Company's business and assets.
- 6.3 Upon arrival at the Trading Premises, the Administration Team met with the Directors and provided them with SFP's standard director pack outlining the effect of the Administration, together with formal notices to undertake statutory and non-statutory obligations.
- 6.4 The Administration Team obtained details of the Company's history and established its current circumstances. The team also gleaned the various information and documentation required to discharge statutory and non-statutory duties, during the course of the day. Meanwhile, a representative from SFP Recoveries collated all debtor information in order to reconstruct debtor files to assist with the recovery of book debts.
- 6.5 The ongoing strategy was considered by the Administration Team and ES. It was collectively agreed that it would not be possible to trade whilst being in Administration, given the lack of available funding. The view of the Joint Administrators and ES was that an expedient sale of the Company's business and assets would generate the most effective recovery.
- 6.6 In the light of this, the Administration Team enquired whether or not the Directors would be interested in purchasing the Company's business and assets. Mr Harvey confirmed that a company that he was associated with was potentially looking to make an offer.

7 General Progress In Relation to the Administration

Sale of the Business and Assets

- 7.1 During further discussions with Mr Harvey he explained that he was a director of a company called A & R Services (Electrical S W) Limited ("ARS"), which was interested in making an offer for the business and assets of the Company. One of the Company's managers, Alexander Sully ("Mr Sully") was ARS' other director.
- 7.2 Following initial negotiations, an offer of £10,000 was elicited from ARS. ES advised that the offer did not represent fair value of the Company's business and assets and accordingly, it was subsequently rejected by the Joint Administrators.
- 7.3 Negotiations continued and a number of increased offers were elicited. Eventually, an offer of £75,000 was received. ES endorsed the offer and recommended that it be accepted.
- 7.4 It has been agreed that the sale consideration be payable on a deferred basis. The terms of the sale provided for £3,000 to be paid upon completion followed by £7,200 per month from 3 July 2011 to 3 April 2012.
- 7.5 By way of security, personal guarantees were obtained from Mr Harvey and Mr Sully.
- 7.6 PDT were provided with the heads of terms in order for a sale and purchase agreement to be drawn up. Several amendments were made to the agreement by both parties before a final draft was agreed upon. Completion took place at 16.50 on 7 June 2011.

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Information to be provided to Creditors in Accordance with SIPs 13

- 7 7 SIP 13 provides that the Joint Administrators should provide details concerning the sale of a business as a going concern to connected parties. Accordingly, creditors are provided with the following information:
- 7 7.1 the consideration for the purchase of the business and assets was £75,000, which completed on 7 June 2011. The terms of the sale are detailed in Section 7.4,
 - 7 7.2 the Joint Administrators afforded ARS with the option of obtaining their own independent legal advice in this matter. It is understood, however, that ARS chose not to do so,
 - 7 7.3 it was necessary for the sale to complete as quickly as possible given that there were no funds to continue trading, thus maximising realisations, and
 - 7 7.4 Mr Harvey and Mr Sully have provided personal guarantees, in relation to the consideration payable pursuant to the terms of the sale agreement.

The Employees

- 7 8 On 3 June 2011, five of the Company's employees were made redundant due to economical, technical and organisational reasons. On 7 June 2011, the remaining eight employees were automatically transferred to ARS, pursuant to a Transfer of Undertakings (Protection of Employment) Regulations 2006.

Debtors

- 7 9 As at the date of the placing of the Company into Administration, it is understood that its ledger was circa £270,000, with Venture having an outstanding commitment of circa £115,720. Further, Venture has advised that there is disapproved debt of circa £70,000.
- 7 10 SFP Recoveries will monitor the collection process and are on hand to assist Venture, if required. In the event of Venture being repaid in full, SFP Recoveries shall seek to have the sales ledger reassigned and attempt to recover any outstanding balances for the benefit of the Administration.

The Company's Trading Premises

- 7 11 It is understood that the Company occupied the Trading Premises via an informal agreement with the Landlord on the basis that it made good the property which had previously been in a dilapidated state of repair. The Joint Administrators' property division, SFP Property Limited ("SFP Property") has been instructed to make further enquiries concerning this.

Investigation into the Company's Affairs Prior to the Administration

- 7 12 Investigations into the Company's affairs prior to it being placed into Administration are being undertaken by another entity associated with the Joint Administrators' firm, SFP Forensic Limited ("SFP Forensic") and are presently ongoing.
- 7 13 SFP Forensic has identified various areas of concern in relation to the Company's trading activities prior to it being placed into Administration. These are currently being investigated. However, the Joint Administrators do not wish to divulge any further information in relation to this at this stage since it may hamper enquiries / future recoveries.

Additional Issues and Realisations

- 7.14 Another entity associated with the Joint Administrators' firm, SFP Datastore Limited ("SFP Datastore") was instructed to collect the Company's books and records. An inventory of these records will be prepared shortly and the records will continue to be stored by them.

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

- 8.1 Based on current information, it is unlikely that there will be a dividend to unsecured creditors. At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration, completed by the Joint Administrators. A Statement of Affairs has been requested from the Directors. To date, these forms have not been returned.
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- 8.2 In addition to this is a list of creditors whose details have been obtained from the Company's records and whose claims have been lodged. Please note that the £0.00 balances denote claims that are yet to be lodged onto the Joint Administrators' system and does not mean that the claim has been rejected or agreed.

- 8.3 Attached at **Appendix III** is Joint Administrators' Receipts and Payments Account for the period from 31 May 2011 to 16 June 2011.

9 Statement of Pre-Appointment Cost

- 9.1 Attached at **Appendix IV** are schedules of the Joint Administrators' time costs associated with the pre-administration period (as defined by Rule 2.33(2A)), which total £3,172.50. The Joint Administrators are proposing resolutions to authorise these costs to be paid in full, plus VAT and disbursements, in accordance with Rule 2.67A(3) and draw their costs from funds held in the insolvent estate. These costs are to be approved by the creditors or by a Creditors' Committee should one be established, as detailed in **Section 10**.

- 9.2 The work undertaken prior to the Joint Administrators' appointment is outlined in paragraph 4.11.

10 The Joint Administrators' Costs

- 10.1 Given that there may not be a surplus available to the unsecured creditors, it looks to be the case that the third purpose only of the Administration (at **paragraph 5.1.3**) will be achieved. From the outset the Joint Administrators arranged for members of their team to be present at the Trading Premises in order to react to any immediate issues.

- 10.2 To date, the Joint Administrators have undertaken, inter alia, the following actions:

10.2.1 undertaking initial review of the trading position and ascertaining the feasibility of continued trading,

10.2.2 liaising with staff and directors in order to deal with immediate issues,

10.2.3 liaising with ES concerning the sale of the Company's assets,

10.2.4 dealing with employees through verbal and written notification,

10.2.5 reviewing the Company's books and records for creditor information and employee details,

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- 10 2 6 attending numerous discussions with directors to determine the Company's position as at the date of Administration,
 - 10 2 7 liaising with SFP Recoveries and Venture regarding the sales ledger,
 - 10 2.8 liaising with SFP Forensics regarding investigation into the affairs of the Company,
 - 10 2 9 liaising with SFP Property / ES concerning the Trading Premises, and
 - 10 2.10 undertaking all statutory measures including updating creditors, advertising and filing requisite documents and forms at Companies House and Court
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- 10 3 At Appendix IV is a breakdown of the time that has been incurred by SFP to date At Appendix XI is a Guide to Administrators' Fees, being Statement of Insolvency Practice 9
 - 10 4 At Appendix V is a breakdown of the time that has been incurred by SFP Forensic to date
 - 10 5 At Appendix VI is a breakdown of the time that has been incurred by SFP Property to date
 - 10.6 At Appendix VII is a breakdown of the time that has been incurred by SFP Recoveries to date
 - 10 7 At Appendix VIII is a breakdown of the time that has been incurred by SFP Datastore to date
 - 10.8 At Appendix IX is a guide to SFP and its associated entities charge out rates and disbursement rates
 - 10.9 Section 13 sets out the Joint Administrators' proposals The Joint Administrators do not anticipate a distribution to unsecured creditors On this basis, Rule 2 106 (5A) provides that in a case where the administrator has made a statement under paragraph 52(1)(b), if there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed (in accordance with paragraph (2)) by the approval of
 - 10 9 1 each secured creditor of the company, or
 - 10 9 2 if the administrator has made or intends to make a distribution to preferential creditors,
 - 10 9 2 1 each secured creditor of the company, and
 - 10 9 2 2 preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval
 - 10 10 The Joint Administrators propose that /their remuneration be on a time cost basis, being the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration under rule 2 106(2) of the Rules Further, that pre-planning costs are to be paid in full in accordance with Rule 2 67A(3) from funds held in the insolvent estate
 - 10 11 In accordance with the above, each secured creditor has been provided with a copy of these proposals In addition and for the sake of good order, authority from the unsecured creditors is also being sought Unless any objection to the proposed basis of remuneration is notified to the Joint Administrators within 8 business days from the date on which the proposals are sent out, the Joint Administrators will deem the basis of remuneration approved by both the secured creditors and the unsecured creditors

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- 10.12** Disbursements and specific expenditure relating to the administration of an insolvent estate and payable to an independent third party are recoverable without creditor approval. Such expenditure is made, if funds are available from the insolvent estate. If funds are not available the payment is made from this firm's office account and this firm is reimbursed from the insolvent estate if and when funds become available.
- 10.13** Payments made out of a firm's office account and re-charged to an insolvent estate are defined as 'Category 1 Disbursements'. This disbursement is explained further under the expenses and Disbursements heading in the Guide to Administrators' fees at **Appendix XI**. The following Category 1 disbursements have been incurred by the Joint Administrators to date and not yet re-charged to the estate.

Bordereau	£ 330 00
Expenses	£ 323 87

- 10.14** Expenditure incidental to the administration of the insolvent case, which by its nature includes an element of shared or allocated costs are recoverable with creditor approval. These payments are defined as 'Category 2 Disbursements' and, once again, this disbursement is explained further in the Guide to Administrators' fees at **Appendix XI**. The following Category 2 disbursements have been incurred by the Joint Administrators to date and not yet re-charged to the estate.

Postage	£ 37 74
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- 10.15** The fees incurred by PDT, Edward Symmons, SFP Forensic, SFP Recoveries and SFP Property are on a time cost basis.
- 10.16** An Administration will continue for a period up to one year, at which point it will either be extended by creditors' consent or Court Order, be moved into Liquidation or the company will be dissolved.
- 10.17** Regulation 3A of The Insolvency Regulations 1994 states that the last Administrator of a company which has been dissolved may, at any time after the expiration of a period of one year from the date of dissolution, destroy the records of the company.
- 10.18** In this case, it is not anticipated that the Administration will be concluded much earlier than the maximum one year period. Consequently, the minimum period that the Joint Administrators anticipate holding the company's books and records for will be two years.
- 10.19** SFP Datastore's fees are calculated on a fixed fee basis for storage, retrieval and destruction of books and records and an hourly rate for any further work carried out. SFP Datastore will be responsible for holding the Company's books and records for the required period, and for arranging for the destruction of these records when applicable.
- 10.20** It is proposed that the charges for the minimum period of two years storage and destruction of the records / permanent box removal of £20 80 and £9 per box respectively, will be charged to the case upfront, shortly following appointment.
- 10.21** In the event that the Administration is concluded early, the Company is dissolved early and the records are held for less than the anticipated two year period, any fees billed and paid in advance will be credit noted and the funds repaid to the estate as necessary.
- 10.22** In the event that the Administration is extended, any additional charges incurred by SFP Datastore will be paid as they are incurred.

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10 23 SFP Forensic, SFP Recoveres, SFP Property and SFP Datastore are entities which are associated with the Joint Administrators' firm, SFP ("the Associated Entities") Pursuant to SIP 9 payments made to outside parties in which the office holder or his firm or any associate has an interest should be treated as a Category 2 Disbursement In accordance with SIP 9 the following information is provided concerning the Associated Entities

10 23 1 the Associated Entities have been established by SFP to perform functions to which either the office holder or outside agencies could undertake It is considered that by virtue of their specialist nature and close proximity to SFP they will achieve better results than the office holder, his team or any outside agencies would be able to accomplish

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

Entity	Basis of Remuneration	Staff Charge Out Rates
SFP Forensic	Time Cost	£75 - £450*
SFP Property	Time Cost	£75 - £275*
SFP Recoveres	Time Cost	£75 - £450*
SFP Datastore	Fixed Fee and Time Cost	£25-£75*

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

10 23 3 the proposals to creditors seek the approval of the payment of SIP 9 Category 2 Disbursements Approval will entitle the office holder to settle these as and when deemed necessary without the need for any further authorisation

11. Additional Points Required to Be Made Pursuant to the Rules

11 1 For creditors' general information, the EC Regulations on insolvency proceedings do apply in this case, and these proceedings are the main proceedings

11 2 Pursuant to Schedule B1, Paragraph 47(1) of the Act, the Joint Administrators may request one or more relevant persons to provide a Statement of Affairs of the Company Following the Joint Administrators' appointment, all active directors of the Company have been requested to provide a statement of affairs although to date, these forms have not been submitted

11 3 The Joint Administrators do not consider that the prescribed part defined under section 176A of the Act will be payable

12 The Dispensing Of A Meeting of Creditors

12 1 Pursuant to Schedule B1, Paragraph 51(1) a copy of the Administrator's statement of proposals must be accompanied by an invitation to a creditors meeting However, this requirement may be dispensed with in circumstances where there is likely to be nothing of substance that the creditors meeting could decide

12 2 These circumstances are set out in Paragraph 52(1) which provides that the need to convene a meeting shall not apply where the statement of proposals states that the Administrator thinks that

12 2 1 the company has sufficient property to enable each creditor of the company to be paid in full,

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- 12.2.2 the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of payment through the prescribed element of floating charge realisations, or
- 12.2.3 the only objective of the Administration which the Administrator thinks is capable of achievement is realising property in order to make a distribution to one or more secured or preferential creditors
- 12.3 In this instance the Joint Administrators are of the view that paragraph 12.2.3 will only apply in relation to the Company
- 12.4 Notwithstanding this, the Joint Administrators shall be required to summon a meeting of creditors if it is requested by the Company's creditors whose debts amount to at least 10% of the total debts of the Company, by way of service of a Form 2.21B, within 8 business days from the date on which the proposals are sent out
- 12.5 If such meeting is requested it must be held within 28 days of the request being received by the Joint Administrators. Security must be given for the expenses of summoning and holding the meeting. At Appendix XII is a copy of the Form 2.21B should any creditor wish to request a meeting. If no meeting is requested the proposals will be deemed to be accepted pursuant to Rule 2.33(5) of the Rules

13. The Joint Administrators' Proposal

- 13.1 The Administration has enabled the Company to have a breathing space in which to achieve a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration)
- 13.2 The prescribed time limit for an Administration is 12 months. In the event that an Administration lasts in excess of 12 months, the Joint Administrators have to obtain creditors' approval or make an application to Court to extend its length
- 13.3 It is a requirement, notwithstanding the fact that a company is left in Administration for the Joint Administrators to investigate the company's affairs and submit the appropriate D form to the Department for Business, Innovation and Skills concerning the directors' conduct
- 13.4 In the event that there are or may be further realisations that result in a dividend to unsecured creditors the Joint Administrators shall seek to place the Company into Creditors' Voluntary Liquidation in order to effect a distribution. In such circumstances they will be looking to take the appointment as Liquidators either together or with one of them jointly taking the appointment with another Insolvency Practitioner at SFP who will be qualified to act and consents to doing so. In accordance with Schedule B1, Paragraph 83(7) of the Act and Rule 2.117A(3), creditors are able to nominate a different person or persons as proposed Liquidator or Liquidators, provided that the nomination is made after the receipt of the proposals and before they are approved. As an alternative, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate
- 13.5 It is proposed that the Creditors' Voluntary Liquidation would commence from the date of acknowledgement by the Registrar of Companies that the relevant notice has been filed at Companies House. This procedure, which is permitted by the Act would circumvent the need for an additional creditors' meeting and keep costs to a minimum

A & R Services (M & E) Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

- 13 6** In light of the above, and in accordance with Schedule B1, Paragraph 49(1) of the Act, it is proposed by the Joint Administrators that
- 13 6.1** the Administration of the Company continue in order to effect outstanding realisations of the Company's debtors and finalise any additional matters which require the assistance of the moratorium,
 - 13 6.2** the Joint Administrators' time costs associated with the pre-appointment period of £3,172 50 be paid in full in accordance with Rule 2 67A(3), from funds held in the insolvent estate,
 - 13 6 3** the Joint Administrators' remuneration be fixed by the time properly spent by them and their staff in attending to matters arising out of the Administration in accordance with Statement of Insolvency Practice 9 and that the Joint Administrators be authorised to draw remuneration as and when funds become available,
 - 13 6.4** the Joint Administrators be authorised to recover all disbursements including category 2 disbursements as defined by the Statement of Insolvency Practice 9,
 - 13.6.5** SFP Datastore will charge upfront for the minimum period of two years storage and destruction of the records / permanent box removal of £20 80 and £9 per box respectively, shortly following appointment,
 - 13 6 6** in the event that the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they shall be authorised to file a notice of dissolution of the Company pursuant to paragraph 84 of Schedule B1 to the Act,
 - 13 6 7** in the event of a potential distribution being available to unsecured creditors, the Joint Administrators either together or with one of them jointly taking the appointment with another Insolvency Practitioner of SFP, be appointed Joint Liquidators of the Company pursuant to paragraph 83 of Schedule B1 to the Act without further recourse to the creditors with the purpose of making a distribution to unsecured creditors and to continue investigation into the Company's affairs,
 - 13.6 8** as an alternative to paragraphs 13.6.6 and 13 6.7 the Joint Administrators be able to seek to place the Company into Compulsory Liquidation in order to pursue such actions and bring proceedings that only a Liquidator is permitted to bring pursuant to the Act,
 - 13.6.9** upon the placing of the Company into Liquidation under paragraph 13 6 7 or 13.6 8 or the necessary form being filed for the Company to be dissolved, the Joint Administrators be discharged from liability in respect of any action undertaken by them pursuant to Schedule B1, paragraph 98 of the Act,
 - 13 6 10** in the event of there being book debts to be collected in any subsequent Liquidation, that the Joint Liquidators be sanctioned to exercise powers provided in Schedule 4 Part 1 of the Insolvency Act 1986 to make any compromise or arrangement with any debtor,
 - 13.6.11** upon the placing of the Company into Liquidation, the Joint Liquidators' remuneration be fixed on the same basis as that of the Joint Administrators' remuneration, in accordance with Rule 4 127(5A) and that the Joint Liquidators be authorised to draw remuneration as and when funds become available,
 - 13 6 12** upon the placing of the Company into Liquidation, the Joint Liquidators be authorised to act in a joint and several capacity and

A & R Services (M & E) Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

13.6.13 the Joint Liquidator be authorised to recover all disbursements including category 2 disbursements as confirmed by the Statement of Insolvency Practice 9

14 Ancillary

Creditors Questionnaires

- 14.1 The response that has been forthcoming from the questionnaire provided to creditors has proved to be helpful in relation to the events that transpired up to the date that the Company was placed into Administration
- 14.2 As previously stated in the first circular to the Company's creditors, responses that are received may prove integral to assist with investigations into the Company's affairs. Accordingly, if you have not previously provided a completed questionnaire, please do so, at your earliest convenience

Directors' Conduct

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

If any creditor has any queries in relation to the above, please do not hesitate to contact either the Administrator dealing with this matter, Glenn McGrath on 020 7538 2222

Dated this 23rd day of June 2011


Simon Plant
Joint Administrator

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX I

- **Statutory Information**

A&R Services (M&E) Limited – In Administration

Statutory Information As Reflected At Companies House

Company Number	06252830		
Date of Incorporation:	18 May 2007		
Previous Names:	A & W Holdings Limited		
Nature of Business	Other manufacturing		
Issued Share Capital	Graham Harvey – 1 Ordinary £2 Shares Gary Wayne Bailey – 2 Ordinary £2 Shares		
	Name	Appointed	Resigned
Director(s)	Graham Harvey Philip Burland-Beech	18/05/2007 01/11/2009	- -
Company Secretary	Graham Harvey	18/05/2007	-
Current Registered Office	9 Ensign House Admirals Way Marsh Wall Docklands London E14 9XQ		
Previous Registered Office:	Tallford House 38 Walliscote Road Weston-super-Mare North Somerset Bs23 1LP		
Trading Address	The Old Dairy Durnford Avenue Bristol BS3 2AW		
Accountants	Butterworth Jones Accountants 38 Walliscote Road Weston-super-Mare North Somerset Bs23 1LP		

Schedule of Outstanding Mortgages or Charges:

Name	Type of Charge	Registered
Venture Finance Plc	All Assets Debenture	09/12/2009

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX II

- **Estimated Statement of Affairs as 31 May 2011 / Creditors Details**

A & R SERVICES (M&E) LIMITED (IN ADMINISTRATION)

ESTIMATED STATEMENT OF AFFAIRS AS AT 31 MAY 2011

	Notes	Book Value £	Estimated to realise £
Assets (specifically pledged)			
Debtors	1	270,584	140,409
Less Bibby Financial Services Limited	1	<u>-130,185</u>	<u>-130,185</u>
Estimated surplus c/d		140,399	10,224
Assets (not specifically pledged)			
Sale of business and assets	2	75,000	75,000
Cash at Bank	3	7,000	7,000
Refund due from BT	4	4,000	3,800
Deposit held by UK Fuel Cards Limited	5	<u>7,000</u>	<u>4,500</u>
		93,000	90,300
Estimated total surplus available to creditors		<u>215,399</u>	100,524
LIABILITIES			
Employee claims - preferential element	6		Uncertain
Estimated surplus available to unsecured creditors			100,524
UNSECURED CREDITORS			
HM Revenue & Customs - VAT	7	-142,000	
HM Revenue & Customs - PAYE/NIC	7	-147,000	
Employee claims - unsecured element	8	Uncertain	
Trade & expense	9	<u>-46,262</u>	<u>-335,262</u>
<i>Estimated deficiency as regards to creditors</i>			<u><u>-234,738</u></u>

NB Subject to the costs and expenses of the Administration

A&R Services (M&E) Limited (in Administration) ("the Company")
Notes To Estimated Statement of Affairs as at 31 May 2011

1. The Company operated a full factoring facility with Venture Finance Plc ("Venture"). A provision of 12.5% has been applied for termination fees. This is subject to confirmation from Venture.

Venture has advised that disapproved debts amount to £70,000. A general bad debt provision of 30% has been applied to the remaining sales ledger.
2. The Joint Administrators instructed chattel asset valuers, Edward Symmons to value the Company's assets. The Joint Administrators effected a sale of the business and assets as a going concern for £75,000.
3. On the date of appointment it is understood that the Company's bank account had a credit balance of circa £7,000.
4. It has been established that the Company was due a refund from BT in relation to a cancelled telephone system order of circa £4,000.
5. It has been established that the Company's account with UK Fuel Cards Limited ("UKFC") has a credit balance of £7,000. However, UKFC also has an unsecured claim in the sum of £2,500. After off-set is applied, the balance of £4,500 is payable to the Joint Administrators for the benefit of the Administration.
6. The preferential element of employee claims is currently uncertain.
7. The Crown has lost its preferential status.
8. The unsecured element of employee claims is currently uncertain.
9. The figure stated in the Statement of Affairs has been taken from the Company's records.

S F P
A & R Services (M & E) Limited

Name	Address	£
A Sully	1st Floor, 77, Mount Ephraim,, Tunbridge Wells, Kent, Tn4 8Bs	0 00
Adept Telecom	196-198 Cheltenham Road, Bristol, Bs6 5Qz	147 90
Bell Communications	The Council House, College Green, Bristol, Bs99 7BI	660 00
Bristol City Council	Clevedon Walk, Nailsea, Bristol, Bs48 1Wa	7,121 39
Bristol Wessex Biling Services Limited	Telephone Payment Centre, Durham, Dh98 1Bt	0 00
British Telecommunications Plc	1 Clevedon Walk, Nailsea, North Somerset, Bs48 1Ww	253 12
Bwbsl		453 16
C Parkman		0 00
D Scriven		0 00
Easy Services	92 Bellhouse Lane, Leigh-On-Sea, Essex, Ss9 4Pq	6,240 05
Filterpure Ltd	Unit 4, Blackminster Bus Park, Birmingham Road, Blackminster Evesham, Wt11 7Re	30 60
G Harvey		0 00
Hm Revenue & Customs	Insolvency & Securities, 3Rd Floor, Euston Tower, 286 Euston Road, London, Nw1 3Uq	0 00
Hm Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, Bn12 4Rs	142,000.00
Hm Revenue & Customs	Insolvency Operations, Queens Dock, Liverpool, L74 4Af	0 00
Hm Revenue & Customs	Room Bp3202, Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne, Ne98 1Zz	147,000 00
Jay Pring		0 00
K Comm		512 15
L Brewer		0 00
Mr Graham Anthony Harvey		0 00

Mr J Burfoot		0 00
Mr J Ridge		0 00
Mr L Hancock		0 00
Mr M Galbraith		0 00
Mr M Gammon		0 00
Mr N Webber		0 00
Mr Philip Rodney Burland-Beech		0 00
Mr Richard James Holloway		0 00
Mr Richard John Stenner		0 00
Neopost Limited	Neopost House, South Street, Romford, Essex, Rm1 2Ar	72 00
Northgate Vehicle Solutions Lt	Norflex House, Allington Way, Darlington, DL1 4Dy	5,846 05
O Bowkett		0 00
P Burland-Beech		0 00
Retain Limited	22 Stowe Gardens, Honicknowle, Plymouth, PL5 3Ps	1,225 20
Rexel Senate	Po Box 28, Potters Bar, EN6 5Du	3,000 00
S Caton		0 00
Sage (UK) Ltd	North Park, Newcastle Upon Tyne, Ne13 9Aa	770 00
Select Appointments	Regent Court, Laporte Way, Luton, Beds	1,874 13
Templegate Electrical Supplies	Unit 5, Templegate Distribution Centre, Mead Street, Bristol, BS3 4Rp	14,000 00
The Storage Company 2004 Ltd	Collum Lane, Kewstoke, Weston-Super-Mare, Somerset, BS22 9Jl	356 11
Total Fm Services Ltd	70 Balmoral Drive, Bramcote, Nottingham, NG9 3Ft	1,200 00
Uk Fuel Cards Ltd	Suite 7, Parkhill Business Centre, Padham Road, Burnley, Lancashire, Bb12 6Tg	2,500 00
Venture Finance Plc	Sheencroft House, 10 - 12 Church Road, Haywards Heath, West Sussex, Rh16 3Sn	0 00
		335,261.86

A & R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX III

- **Joint Administrators Income and Expenditure Account to 17 June 2011**

**A & R Services (M&E) Limited
(In Administration)**

INCOME AND EXPENDITURE ACCOUNT

	Statement of affairs £	From 31/05/2011 To 17/06/2011 £
RECEIPTS		
Book Debts	10,224 00	0 00
Sale of business and assets	75,000 00	3,000 00
Cash at bank	7,000 00	0 00
Refund from BT	3,800 00	0 00
Fuel Card Deposit	4,500 00	0 00
		3,000 00
PAYMENTS		
		0 00
BALANCE - 17 June 2011		3,000.00

A & R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX IV

- **Breakdown of the Joint Administrators Fees / Pre-Appointment Fees / Activity Codes**

SFP



A & R SERVICES (M&E) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 31 MAY 2011 TO 17 JUNE 2011

CLASSIFICATION OF WORK FUNCTION	Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Administration and Planning	8 60	-	-	28 50	-	72 20	1 00	124 00
Investigation	-	-	-	-	-	-	-	0 00
Realisation of assets	6 50	-	-	12 60	0 30	-	-	19 40
Trading	-	-	-	1 00	-	-	-	1 00
Creditors	2 50	-	-	0 80	1 10	0 90	9 20	16 70
Total hours	17 60	-	-	0 80	43 10	1 30	1 30	73 10
Average rate £ per hour	450 00	-	-	275 00	250 00	225 00	200 00	150 00
Total costs £	7,920 00	-	-	220 00	10,775 00	315 00	260 00	10,965 00
								1,020 00
								161 10
								75 00
								201 71
								32,495 00

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff



A & R SERVICES (M&E) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PRE APPOINTMENT TO 31 MAY 2011

CLASSIFICATION OF WORK FUNCTION	Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Administration and Planning	4 00	-	-	2 70	-	3 90	1 50	12 10
Investigation	-	-	-	-	-	-	-	-
Realisation of assets	-	-	-	-	-	-	-	0 00
Trading	-	-	-	-	-	-	-	0 00
Creditors	-	-	-	-	-	-	-	0 00
Total hours	4 00	-	-	2 70	-	3 90	1 50	12 10
Average rate £ per hour	450 00	-	-	250 00	-	150 00	75 00	262 19
Total costs £	1,800 00	-	-	675 00	-	585 00	112 50	3,172 50

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

0 00

SIP 9 STANDARD ACTIVITY SUMMARIES

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

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX V

- **Breakdown of SFP Forensic Limited Fees**



A & R SERVICES (M&E) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 31 MAY 2011 TO 17 JUNE 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Investigation	-	-	-	-	-	3 00	3 00
Total hours	-	-	-	-	-	3 00	3 00
Average rate £ per hour	-	-	-	-	-	75 00	75 00
Total costs £	-	-	-	-	-	225 00	225 00

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VI

- **Breakdown of SFP Property Limited Fees**

SFP



PROPERTY

A & R SERVICES (M&E) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 31 MAY 2011 TO 17 JUNE 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Property issues	2 30	-	-	-	-	2 80	3 70
Total hours	2 30	-	-	-	-	2 80	3 70
Average rate £ per hour	275 00	-	-	-	-	90 00	75 00
Total costs £	632 50	-	-	-	-	252 00	277 50

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff

A &R Services (M&E) Limited (In Administration)

Report to Creditors & Statement of Proposals

APPENDIX VII

- **Breakdown of SFP Recoveries Limited Fees**

SFP



RECOVERIES

A & R SERVICES (M&E) LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 31 MAY 2011 TO 17 JUNE 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Debt Collection	-	-	-	0 90	1 20	80 20	82 30
Total hours	-	-	-	0 90	1 20	80 20	82 30
Average rate £ per hour	-	-	-	250 00	150 00	100 00	102 37
Total costs £	-	-	-	225 00	180 00	8 020 00	8,425 00

Remuneration drawn on account

See Appendix for Summary Charge Out Rates for staff

0 00

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VIII

- **Breakdown of SFP Datastore Limited Fees**



SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 31 MAY 2011 TO 17 JUNE 2011

CLASSIFICATION OF WORK FUNCTION

	Storage Tasks Staff Costs	Inventorising Staff Costs	Total
Boxing Up / Collection / Inventorising of Records	22 60	5 20	27 80
Total hours	22 60	5 20	27 80
Average rate £ per hour	25 00	75 00	34 35
Total costs £	565 00	390 00	955 00
Remuneration and disbursements drawn on account			0 00

See Appendix for Summary Charge Out Rates for staff

	Disbursements Incurred
Expenses	539 71
Disbursements Incurred	539 71
Disbursements drawn on account	0 00

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX IX

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

SFP



Charge out Rates for SFP main practice and associated entities

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

SFP Datastore Limited		Retrieval Rates Guide	
Grade	Rate p/hr		
Storage Tasks (Retrieval and Collection)	25	Box Storage	18p / box / week
		A4	21p / box / week
		A3	6p / box / week
Staff Costs	75	Transit Cases	£1 10 per mile
		Reinval costs from site	£22 50
		Same Day Delivery (up to 10 items)	£15 00
Inventorising and Additional	75	Next Day Delivery (up to 10 items)	£25 00
		Delivery to third party offices (up to 10 items / £1 50 per item thereafter)	

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX X

- **Proof of Debt form**

PROOF OF DEBT - GENERAL FORM

**In the matter of A & R Services (M&E) Limited (in Administration)
and in the matter of the Insolvency Act 1986**

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration	£
4	Details of any document by reference to which the debt can be substantiated [Note the administrator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX XI

- **Guide to Administrators' Fees**

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

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

2 The nature of administration

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

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

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

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

3 The creditors' committee

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

4 Fixing the administrator's remuneration

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

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

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage different percentages may be used for different things done by the administrator.

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

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April 2010

paragraph 4.3 apply the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When seeking remuneration approval

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

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

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

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

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

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

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

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

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- the complexity (or otherwise) of the case
- any responsibility of an exceptional kind or degree which falls on the administrator
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties
- the value and nature of the property which the administrator has to deal with

4.2 If there is no creditors' committee or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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

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

each secured creditor of the company; or

- if the administrator has made or intends to make a distribution to preferential creditors -

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

having regard to the same matters as the committee would.

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

4.4 A resolution of creditors may be obtained by correspondence.

5 Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.

6.2 Where there is a creditors' committee it is for the committee to determine whether and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination or if it does but the administrator or other insolvency practitioner who has incurred pre-administration costs considers the amount agreed to be insufficient approval may be given by a meeting of creditors. Where the circumstances described in

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

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

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

7.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

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

8 Progress reports and requests for further information

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it)
- if the basis has been fixed the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report)
- if the report is the first to be made after the basis has been fixed the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period.

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- the date of approval of any pre-administration costs and the amount approved
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses
- 8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.
- 8.3 The administrator must provide the requested information within 14 days unless he considers that
- the time and cost involved in preparing the information would be excessive or
 - disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person or
 - the administrator is subject to an obligation of confidentiality in relation to the information requested
- in which case he must give the reasons for not providing the information
- Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information
- 9 Provision of information – additional requirements
- The administrator must provide certain information about time spent on a case free of charge upon request by any creditor, director or shareholder of the company
- The information which must be provided is –
- the total number of hours spent on the case by the administrator or staff assigned to the case
 - for each grade of staff the average hourly rate at which they are charged out,
 - the number of hours spent by each grade of staff in the relevant period.
- The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office the date that he vacated office
- The information must be provided within 28 days of receipt of the request by the administrator and requests must be made within two years from vacation of office
- 10 What if a creditor is dissatisfied?
- 10.1 If a creditor believes that the administrator's remuneration is too high the basis is inappropriate or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.
- 10.2 Application may be made to the court by any secured creditor or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.
- 10.3 If the court considers the application well founded it may order that the remuneration be reduced, the basis be changed or the expenses be disallowed or repaid. Unless the court orders otherwise the costs of the application must be paid by the applicant and not as an expense of the administration.

- 11 What if the administrator is dissatisfied?
- 11.1 If the administrator considers that the remuneration fixed by the creditors committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days notice to the members of the creditors committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.
- 12 Other matters relating to remuneration
- 12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors committee or a meeting of creditors.
- 12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company profit costs may not be paid unless authorised by the creditors committee, the creditors or the court.
- 12.3 If a new administrator is appointed in place of another any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm they will usually agree the apportionment between them.
- 13 Effective date
- This guide applies where a company enters administration on or after 6 April 2010 except where
- the application for an administration order was made before that date or
 - where the administration was preceded by a liquidation which commenced before that date

A &R Services (M&E) Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX XII

- **Form 2 21B**

2.21B

The Insolvency Act 1986

Creditor's request for a meeting

Name of Company A & R Services (M & E) Limited

Company number 06252830

In the High Court, Chancery Division (full name of court)

Court case number 4693 of 2011

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

I (a)

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

request a meeting of the creditors of (b)
A & R Services (M & E) Limited
SFP
9 Ensign House, Admiral's Way
Marsh Wall
London E14 9XQ

(c) Insert amount of claim

My claim in the administration is (c)

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

(d)

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

(e) Insert details of the purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated
