

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company C F Realisations Limited (formerly Coupe Foundry Limited)	Company number 02610871
In the High Court of Justice, Chancery Division, Manchester District Registry. [full name of court]	Court case number 1302 of 2004

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

I/ We (a) Simon Wilson and David Whitehouse of:
 Kroll Limited
 1 Oxford Court
 Bishopsgate,
 Manchester
 M2 3WR

* Delete as applicable

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

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

(b) Insert date

(b) 24 May 2004

Signed [Signature]
Joint Administrator(s)

Dated 24 May 2004

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

Kroll Limited,	
1 Oxford Court, Bishopsgate	
Manchester, M2 3WR	Tel: 0161 228 6622
DX Number	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

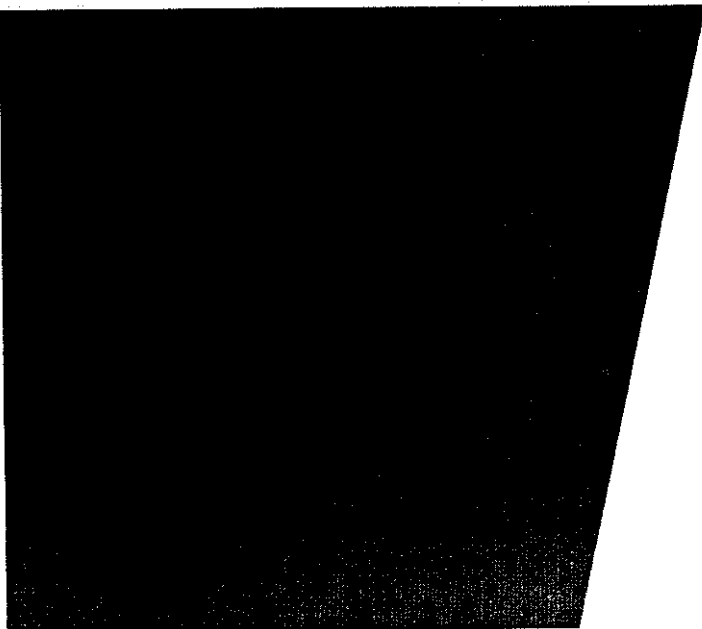
*Corporate Advisory &
Restructuring Group*

Kroll

***C F Realisations
(formerly Coupe
Foundry Limited)
- In Administration***

**Report and Statement of
Proposals of the Joint
Administrators**

May 2004



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THE JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

1. STATUTORY INFORMATION

- 1.1 Simon Wilson and David Whitehouse, licensed insolvency practitioners, were appointed Joint Administrators of the Company on 7 April 2004 by the High Court of Justice, Manchester District. Simon Wilson is licensed by the Institute of Chartered Accountants in England and Wales. David Whitehouse is licensed by the Insolvency Practitioners Association.
- 1.2 The Court reference number is 1302 of 2004 at the High Court of Justice, Manchester District.
- 1.3 The Company's registered number is 02610871.
- 1.4 The principal trading address of the Company was The Foundry, Kittlingbourne Brow, Higher Walton, near Preston, PR5 4DQ.
- 1.5 The registered office of the Company has been changed to: c/o Kroll Limited, 1 Oxford Court, Bishopsgate, Manchester, M2 3WR. It was formerly The Foundry, Kittlingbourne Brow, Higher Walton, near Preston, PR5 4DQ.
- 1.6 Details of the Company's directors and secretary are as follows;

Director	Date appointed	Date resigned	Shares held
Ivor Brothwood	30 March 1999	N/A	Nil
Brian R C Kemp	1 January 2002	N/A	Nil
Paul J Wieckowicz	10 May 1999	N/A	Nil
Neil S Winn	21 May 2000	N/A	Nil
Secretary	Date appointed	Date resigned	Shares held
Neil S Winn	21 May 2000	N/A	Nil

**2. BACKGROUND TO THE ADMINISTRATION AND ADMINISTRATION
STRATEGY**

- 2.1 The Company was incorporated in May 1991 and its main business was acting as a jobbing factory for the automotive industry. It employed approximately 80 employees and operated out of leasehold premises at both Preston and Keighley.
- 2.2 Following a venture capital financed Management Buyout in 1998 the Company faced material liabilities for capital and accrued interest payments on investments made at that time. In addition, the foundry industry is competitive and difficult.
- 2.3 By the first quarter of 2004 the business was incurring ongoing losses and was not in a position to meet its debt burden. Moreover it had a short term trading cash requirement estimated at £250,000.
- 2.4 The directors approached Kroll for advice as to the options available to them.

- 2.5 Following discussions with the directors, investors and company bankers it became apparent that the funding was not available. Accordingly a protection of the business and creditor interests was deemed necessary, with Administration determined to be the most appropriate procedure.
- 2.6 Under the new Administration procedure, there is now one overriding purpose for which a company may be placed into Administration. This single purpose is broken down into the following objectives;
- Rescuing the Company as a going concern, or
 - 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
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.7 The first objective is based upon the survival of the existing Company through a company voluntary arrangement or a scheme of arrangement under Section 425 of the Companies Act. As Administrators, we were not in a position to adopt this objective, primarily due to the fact the discussions with existing funding providers illustrated that funding the short term cash requirement was not realistically achievable.
- 2.8 In view of the Administrators, being unable to achieve the primary objective, we considered the second objective of achieving a better result for creditors than would be likely if the Company were wound up. Continuation of the business through a sale would be the vehicle for achieving this objective. However, the Joint Administrators were aware that interest in the business would be minimal and would be unlikely to extend beyond the existing management team.
- 2.9 In addition, achieving a sale of the business outside the existing management team would be further complicated in that its success would be hinged upon the willingness of the Preston landlord to offer a lease to the purchaser.
- 2.10 The existing management identified funding to enable them to purchase the business and entered into negotiations with the Preston landlord with regards to the assignment or re-negotiation of the lease.
- 2.11 The Administrators sought professional valuations for the physical assets of the Company which revealed a value for the plant and machinery of approximately £140,000. This was based upon a short term sale basis and was before the costs of realisations, which on a piecemeal sale basis would have been substantial.
- 2.12 Before the sale negotiations progressed the Administrators contacted the Company's secured and other significant creditors and advised them of the proposed Administration and sale. All parties provided their consent to the plans and the negotiations proceeded with the existing management for the sale of the business.
- 2.13 The Company was placed into Administration and the sale of the business to Brabco 344 Limited ("the purchaser") was completed on 7 April 2004. The purchaser assumed the name Coupe Foundry Limited following the sale. The second objective of the Administration Order was therefore duly achieved.
- 2.14 The Company's name was subsequently changed to C F Realisations on 7 April 2004.

2.15 A summary of the sale and purchase agreement is provided below:

	Received £'000	Future £'000	Total £'000
Goodwill	-	50	50
Fixed assets	50	-	50
Debtors	450	-	450
Stock	-	40	40
Non-fixed assets	50	-	50
	<u>550</u>	<u>90</u>	<u>640</u>

In addition, all employees were transferred with the sale, mitigating the creditor claims in the Administration.

3. *ADMINISTRATORS' RECEIPTS AND PAYMENTS*

3.1 A summary of receipts and payments covering the period from the date of my appointment to 20 May 2004 is attached at Appendix A which includes the funds realised in respect of the sale of the business and assets of the Company

4. *FINANCIAL POSITION OF THE COMPANY*

4.1 A copy of the Statement of the Company's Affairs is attached at Appendix B. A summary of the Statement is as follows

	Book Value £	Estimated To Realise £
Fixed Assets		
Fixtures and fittings, plant and machinery	325,437	45,000
Current Assets		
Debtors	1,068,057	400,000
Plant and machinery	522,047	50,000
Stock and WIP	227,842	25,000
Bank and Cash	8,501	8,501
Due from Holding Co.	1,507,700	
	<u>3,659,584</u>	<u>525,500</u>
Liabilities		
Preferential creditors (Pension Contributions)	2,789	
Unsecured creditors / Company Creditors	7,994,754	
Shareholders	190,125	

4.2 Our comments are as follows:

The estimated to realise figures provided by the directors are accurate. The sale to the Purchasers achieved realisations of £40,000 deferred consideration in respect of stock and work in progress (compared to the statement of affairs figure of £25,000), £50,000 deferred in respect of goodwill and £450,000 relating to the Company's book debts (compared to the statement of affairs figure of £400,000).

4.3 There will be a shortfall to the secured creditor in the Administration. We have not been notified of any preferential claims. However, this has yet to be confirmed. There will not be any dividend to unsecured creditors.

5. **PROPOSALS**

5.1 It is proposed that the Joint Administrators continue to manage the affairs of the Company in order to achieve the purpose of the Administration. In the circumstances it is proposed that:-

- A. The Joint Administrators continue to manage the affairs of the Company.
- B. The Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- C. To ensure that all assets have been realised;
- D. To either convene a meeting of the Company's creditors or to amend the existing proposals should any monies become available for unsecured creditors;
- E. To fix the Joint Administrators' remuneration by reference to time properly given by them and their staff in attending to matters arising from the Company's Administration and that they be authorised to draw this as and when funds are available. Under Rule 2.106 of the Insolvency (Amendment) Rules 2003 and in the absence of a Creditors' Committee, the remuneration of the Joint Administrators be fixed by reference to time properly given by them and their staff in attending to matters arising from the Administration. In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals the Joint Administrators be authorised to draw remuneration as and when funds are available on account of their time costs. A creditors' guide to fees is attached at Appendix C.
- F. To confirm the distribution of monies to the secured creditor in accordance with their statutory rights.
- G. To distribute monies to the preferential creditors should a claim be received in accordance with their statutory rights;
- H. To take steps to cease to act once the above matters have been concluded at which time the Joint Administrators would propose applying to the Court for a dissolution of the Company.

6. ADMINISTRATORS' REMUNERATION

- 6.1 It is proposed that the remuneration of the Administrators will be fixed by reference to time properly given by them and their staff in attending to matters arising from the Company's Administration and that they be authorised to draw remuneration as and when funds are available. A 'creditor's guide to Administrators' fees' is enclosed at Appendix C.
- 6.2 Confirmation and approval of the basis of remuneration will be sought from the secured creditors in accordance with Rule 2.106(9) of the Insolvency Act 1986.
- 6.3 The Administrators' time costs for the period 7 April to 7 May 2004 total £22,771 as detailed in Appendix D. The majority of the time spent on the case related to dealing with the Company's creditors and the sale of the assets. We propose drawing fees in accordance with the proposals outlined above.
- 6.4 Attached at appendix E is additional information in relation to our policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

7. ESTIMATED OUTCOME

- 7.1 An estimated outcome statement is attached at Appendix F together with the estimated costs of realisations at Appendix G. This indicates that the secured lenders will face a shortfall.
- 7.2 The Administrators did not make any employee redundancies and therefore we do not anticipate that there will be any preferential claims against the Company from its employees.
- 7.3 The Administrators are currently making enquires into the Company's pension scheme and await confirmation of whether there will be a preferential claim in respect of this.
- 7.4 As the security pre-dates the introduction of the Enterprise Act 2002 on 15 September 2002, there is no requirement to set aside an 'Unsecured Creditors' Fund' as outlined in s176A of the Act.
- 7.5 Based on current information the Company's secured creditors face a shortfall. Therefore, it is very unlikely that there will be a return to unsecured creditors.

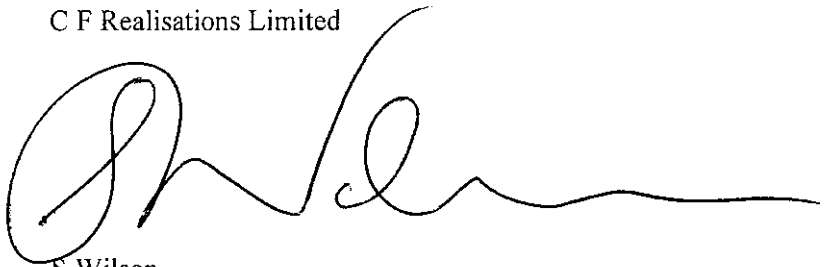
8. NEXT REPORT

- 8.1 A progress report covering the first six months of the Administration will be circulated to creditors during November 2004. However, should the outcome for unsecured creditors change in the interim, separate notification will be issued at the earliest opportunity.

9. **MEETING OF CREDITORS**

- 9.1 A meeting of the Company's creditors has not been convened for the reasons set out in our covering letter dated 20 May 2004, namely that a meeting is not required where the Administrators conclude that there will be no monies available to unsecured creditors. The Administrators are obliged to hold an initial meeting creditors meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify us in writing in the prescribed form on or before 7 June 2004.

For and on behalf of
C F Realisations Limited

A large, stylized handwritten signature in black ink, appearing to read 'S Wilson', is written over the typed name.

S Wilson
Joint Administrator

Encs.

APPENDIX A

**Receipts and Payments Account
From 7 April 2004 To 20 May 2004**

C F Realisations Limited (formerly Coupe Foundry Limited)
(In Administration)

Income And Expenditure Account
To 20/05/2004

	Total
	£
INCOME	
Intellectual Property	1.00
Fixed Plant & Machinery	50,000.00
Floating Plant & Machinery	50,000.00
Book Debts	450,000.00
Bank Interest Gross	495.57
	<hr/>
	550,496.57
	<hr/>
EXPENDITURE	
Legal Fees	2,500.00
Agents/Valuers Fees	2,000.00
Due to Chargeholder	40,000.00
Agents/Valuers Fees	2,915.20
Legal Fees	12,255.80
Statutory Advertising	121.54
Floating Charge Creditor	460,000.00
	<hr/>
	519,792.54
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BALANCE	<u>30,704.03</u>
	<hr/>
MADE UP AS FOLLOWS	
VAT Receivable	2,665.70
Fixed Interest Bearing	4,713.50
Floating Interest Bearing	22,537.33
Fixed VAT Receivable	787.50
	<hr/>
	<u>30,704.03</u>
	<hr/>

APPENDIX B

Copy of the Directors' Statement of Affairs of the Company as at 7 April 2004

Statement of affairs

Name of Company C F Realisations Limited (previously Coupe Foundry)	Company number 02610871
In the High Court of Justice, Chancery Division, Manchester	Court case number 1302 of 2004

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) Coupe Foundry Limited

on the (b) 2 April 2004, the date that the company entered administration.

(b) Insert date

Statement of Truth *as provided by P. Wieckowicz, Managing Director, and as*

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 2 April 2004 the date that the company entered administration.

Full name Brian Bernard CARVER KEMP

Signed *Brian*

Dated 28.04.04

A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential Creditors (carried from page A)	£ 528,507
Liabilities	
Preferential creditors:- <i>Pelson 2500</i> <i>239</i>	£ 2,789
Estimated deficiency/surplus as regards preferential creditors	£ 525,712
Estimated prescribed part of net property where applicable (to carry forward)	£
Estimated total assets available for floating charge holders	£ 525,712
Debts secured by floating charges	£ 2,144,369
Estimated deficiency/surplus of assets after floating charges	£ (1,618,657)
Estimated prescribed part of net property where applicable (brought down)	£
Total assets available to unsecured creditors	£ (1,618,657)
Unsecured non-preferential claims	£
Estimated deficiency after floating charge where applicable (brought down)	£ 5,850,890
Estimated deficiency/surplus as regards creditors	£ (7,469,047)
Issued and called up capital	£ 190,125
Estimated total deficiency/surplus as regards members	£ (7,659,162)

Signature *Pelson* Date 28.04.09

A - Summary of Assets

	Book Value £	Estimated to Realise £
114,588	25,000	
41,944	2,000	
40,000	10,000	
43,373 (22,500)	3,000	
6,350	2,000	
74,082	—	
27,600	3,000	
522,047	50,000	
1,001,711	400,000	
227,842	25,000	
66,346	—	
8,501	8,501	
1,507,700	—	
3,659,584	528,501	

Assets

and floating

Assets subject to fixed charge:

^

Fixed Assets - Electric Furnace

- Fixtures and fittings
- Machine shop
- Fork lift trucks
less due to Hire Purchase Co.
- Lorries
- Improvements to leased buildings
- Moulding boxes
- Plant and machinery

Assets subject to floating charge:

- Debtors
 - Stock & WIP
 - Sundry debtors and pre-payments
 - Bank & cash
 - Due from Hering Company
- Uncharged assets:

Estimated total assets available for preferential creditors

Signature Bealey Date 28.04.04

COMPANY CREDITORS

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

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
MECHARD ENERGY	THE BOUNDARY KIDWINGHAM BRON HAGGATE LANE, KIDWINGHAM				
VOLVO	VFS FINANCIAL SERVICES (UK), WERTMAN LANE, WALTON CV34 570	22,500	H.P. Agreement	Aug '02	
FINANCIAL SERVICES	PO BOX 230, 15-33 MOORFIELD, BANK	7,158	Fixed & floating	MARCH '98	
	"	602,336	"	"	
I. M. F.	P.O. BOX 258, WERTMAN LANE, ADDITIONAL PREMISES, ST PETER BORG, GUYRATHER G71 3 9L	1,470,370	"	"	
FLUET BANK BOSTON	VICTORIA STREET, NORWICH SU11 0ED	2,424,552			
S.R. HALL	1 FERRY HAVEN COTTAGES, FULWOOD GREEN PRE 9NH	1,396,610			
G.W. ANDERSON	80 HITCHAM BARN LANE, FULWOOD, BOSTON (S2 8PH)				
PAYE & NI	CHARLES HOUSE, 8 CHALKLEY SQUARE, BOSTON PR1 3 4Y	134,798			
VAT	LARGE PAYERS UNIT, BEAUFORT BUS SERVICES, N. OULTON PARK, LITCHFIELD L74 4NB	100,362			
GOVE FURNITURE BOSTON SUPPLIES	MEXCORS, LAMBERT HOUSE, CLARENCE ST, MADDEFIELD MK 4 7DN	AS AT 30/9/03 911,000			
TRIPLE CREDITORS	(5) KAPLANE LIME FROM P. WIERKOWICZ)	856,859			
SUNROY CREDITORS	NEW 2041 BARNWELL LANE MORLEY SA 1 2L AX 6 622	3,909			

Signature Breckley Date 28.04.04

APPENDIX C

A Creditors' Guide to Administrators fees

Appendix C

**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 and explains the basis on which fees are fixed.

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 in order to achieve one or more of the following statutory purposes:
- Rescuing the Company as a going concern; or
 - 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
 - Realising property in order to make a distribution to one or more secured or preferential creditors.

Administration may be followed by a company voluntary arrangement, liquidation, dissolution or survival of the Company.

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 established at the meeting of creditors, which the administrator is required to hold within 10 weeks of the commencement of the administration to consider his proposals (subject to certain conditions). 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 the power to summon the administrator to attend before it and provide such information as it may require.

4. FIXING THE ADMINISTRATOR'S FEES

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency (Amendment) Rules 2003, which states that it shall be fixed either:

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

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

- 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, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

5. WHAT INFORMATION SHOULD BE PROVIDED BY THE ADMINISTRATOR?

5.1 When seeking fee approval

5.1.1. 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.

5.1.2. 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.

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

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

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

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

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

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

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

5.1.4. 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.

5.2 After fee 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. 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 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding the work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, 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.

6. WHAT IF A CREDITOR IS DISSATISFIED?

6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. 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. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7. WHAT IF THE ADMINISTRATOR IS DISSATISFIED?

- 7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. 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.

8. OTHER MATTERS RELATING TO FEES

- 8.1 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.
- 8.2 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.

APPENDIX D

**Summary of Joint Administrators' Time Costs For
the period 7 April 2004 to 7 May 2004**

	Employee Grade				Total Hours	(£'s)	
	Partner/ Director	Manager	Other Sen'r Prof	Assistants/ Support		Total Cost	Average Rate p/h
Administration and Planning							
Strategy and Control	3.5	5.9	9.3	-	18.7	3,712.5	199
Creditor Reporting	3.5	3.6	16.8	-	23.9	4,473.5	187
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	-	0.4	-	0.4	52.0	130
Job Administration	0.2	2.7	4.6	3.3	10.8	1,604.5	149
Cash Accounting and Time Records	-	-	0.7	-	0.7	119.0	170
Travel and Waiting Time	-	-	3.1	-	3.1	403.0	130
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	-	-	23.1	0.5	23.6	3,493.5	148
Investigations							
D Reports	-	-	0.3	-	0.3	39.0	130
Other Investigations	-	-	0.3	-	0.3	51.0	170
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	-	-	-	-	-
Sale of Assets	1.5	-	-	-	1.5	427.5	285
Insurance	-	-	0.2	-	0.2	26.0	130
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	0.5	0.2	-	0.7	136.0	194
Realisation of Assets - Debtors							
Debt Collection	-	-	-	-	-	-	-
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	-	-	-	-	-
Sale of Assets	1.5	-	0.3	-	1.8	478.5	266
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	18.9	-	18.9	2,553.0	135
Hire Purchase / Leased Assets	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	2.1	-	2.1	325.0	155
Trading							
Initial Actions	-	-	-	-	-	-	-
Cash Accounting	-	-	0.2	-	0.2	26.0	130
Ongoing Trading Activities	-	-	-	-	-	-	-
Internal and External Communications	-	0.8	-	-	0.8	176.0	220
Creditors							
Initial Actions	-	3.0	16.7	-	19.7	2,887.0	147
Creditor claims	-	0.5	8.4	-	8.9	1,314.0	148
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	0.3	-	0.3	51.0	170
Internal Documentation	-	-	0.3	-	0.3	39.0	130
Employees	-	-	2.8	-	2.8	384.0	137
Employee Communications	-	-	-	-	-	-	-
Totals	10.2	17.0	109.0	3.8	140.0	22,771.0	163

APPENDIX E

Additional information in relation to Administrators' fees pursuant to Statement of Insolvency Practice No 9

Appendix E

**ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES
PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9**

1. POLICY

Detailed below is Kroll's policy in relation to:

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

1.1 Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet specific requirements of the case. The constitution of the case team will usually consist of Partner, Manager, Senior and Assistant. The exact constitution of the case team will depend upon the anticipated size and complexity of the assignment. On larger or more complex cases several seniors and assistants may be allocated to meet the demands of the case. With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. In relation to secretarial support, in the main, this work is not charged, unless it relates to exceptional duties undertaken on a case.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

<u>Name of Professional Adviser</u>	<u>Basis of Fee Arrangement</u>
Solicitors – DLA	Hourly rate & disbursements
Property & Plant advisors – Singletons	Hourly rate & disbursements

Our choice of professional advisors was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of fee arrangement with them.

1.3 Disbursements

The disbursements we will charge to a case comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoices travel and external printing, room hire and document storage. Properly incurred expenses will also be charged to the case.

1.4 Charge out rates

Set out below are the Kroll charge-out rates to be applied to time from 1 January 2004.

	Regional Rates (per hour)
	£
Partner:-	
Partner 1	280
Partner 2	235
Associate Partner / Director	215
Manager:-	
Senior Manager	200
Manager	185
Other Senior Professionals:-	
Experienced Senior	155
Senior	135
Administrator	105
Assistants & Support Staff:-	
Assistant	70
Experienced Cashier	105
Cashier	70
Assistant Cashier	50
Support	50

1.5 Our latest estimate of costs is summarised as follows:

	Total £'000	Fixed £'000	Floating £'000
Administrators' fees	33	7	26
Legal costs	15	3	12
Agents' costs:	5	2	3
Other costs	4	2	2
Total	57	14	43

APPENDIX F

Estimated Outcome Statement As at 11 May 2004

Appendix F

ESTIMATED OUTCOME STATEMENT AS AT 11 MAY 2004

	Current £'000	Future £'000	Total £'000
Assets Subject to Fixed Charge			
Goodwill	-	50	50
Fixed Plant and Equipment	50	-	50
	<u>50</u>	<u>50</u>	<u>100</u>
Less: Costs	-	(14)	(14)
Available to Bank	<u>50</u>	<u>36</u>	<u>86</u>
Assets Subject to Floating Charge			
Book debts	450	-	450
Stocks and WIP	-	40	40
Non-Fixed Plant and Equipment	50	-	50
	<u>500</u>	<u>40</u>	<u>540</u>
Less: Costs	-	(43)	(43)
Available to bank	<u>500</u>	<u>(3)</u>	<u>497</u>
Employee Preferential Creditors			
Available to Bank	<u><u>500</u></u>	<u><u>(3)</u></u>	<u><u>497</u></u>

APPENDIX G

Estimated Costs of Realisations As at 11 May 2004

Appendix G

ESTIMATED COSTS OF REALISATIONS AS AT 11 MAY 2004

	Current £'000	Future £'000	Total £'000
Fixed Charge			
Administrators' fees and expenses	-	7	7
Legal fees	-	3	3
Agent's Fees and Expenses	-	2	2
Other	-	2	2
	<u>-</u>	<u>14</u>	<u>14</u>
	<u><u>-</u></u>	<u><u>14</u></u>	<u><u>14</u></u>
Floating Charge			
Administrators' fees and expenses	-	26	26
Legal fees	-	12	12
Agent's fees and expenses	-	3	3
Other	-	2	2
	<u>-</u>	<u>43</u>	<u>43</u>
	<u><u>-</u></u>	<u><u>43</u></u>	<u><u>43</u></u>