

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company Sharptone Limited	Company number 03568597
In the High Court of Justice, Chancery Division Companies Court (full name of court)	<i>For court use only</i> 3605 of 2006

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

We Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring, 43-45 Portman Square, London, W1H 6LY

Administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 22 May 2006	(b) 21 November 2006
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Signed 
Joint Administrator

Dated 18 / 12 / 06

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 searches of the public record.

Menzies Corporate Restructuring
43-45 Portman Square
London
W1H 6LY

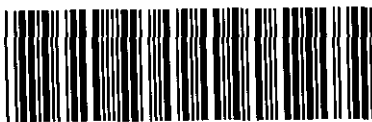
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When completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

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COMPANIES HOUSE

**The Charterhouse Food Group Limited ("CFG")
C.S.T. (Wholesale) Limited ("CST")
T.S.J. Woodhouse Limited ("TSJ")
Allens Limited ("ALL")
Sharptone Limited trading as Sproat and Harvey ("STL")
(All in Administration)
(together "The Charterhouse Food Group of Companies",
"the Companies" and "the Group")**

**Progress Report to Creditors
pursuant to Rule 2.47(1) of the
Insolvency Rules 1986 (as amended)**

13 December 2006

Names of Joint Administrators: Paul John Clark
Jason James Godefroy

Date of report: 13 December 2006

Appointed by: Directors

Company	Date of Appointment	Royal Courts of Justice Court Reference
The Charterhouse Food Group Limited	19 May 2006	3560 of 2006
C.S.T. (Wholesale) Limited	19 May 2006	3561 of 2006
T.S.J. Woodhouse Limited	19 May 2006	3562 of 2006
Allens Limited	19 May 2006	3559 of 2006
Sharptone Limited t/a Sproat and Harvey	22 May 2006	3605 of 2006

Menzies Corporate Restructuring
43-45 Portman Square
London
W1H 6LY

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1. INTRODUCTION

- 1.1 Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring ("MCR") were appointed Joint Administrators of The Charterhouse Food Group Limited ("CFG"), C.S.T. (Wholesale) Limited ("CST"), T.S.J. Woodhouse Limited ("TSJ") and Allens Limited ("ALL") on 19 May 2006, and Joint Administrators of Sharptone Limited ("STL") on 22 May 2006. Each of these appointments were made by the directors of the Companies pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 This report covers all five of the Companies. The Joint Administrators believe that this is appropriate as the Companies operated as a Group. In addition, the Companies' senior management and accounting functions were centralised and the Companies share some common creditors.
- 1.4 The purpose of this report is to detail the Joint Administrators' acts and dealings together with the conduct of the Administrations.
- 1.5 This report should be read in conjunction with the Joint Administrators' earlier report to creditors dated 17 July 2006.

2. BACKGROUND

- 2.1 CFG was incorporated on 14 July 2005. It was the holding company of the Group, with CST, TSJ, ALL and STL being wholly owned subsidiaries of CFG. Statutory information on each of the Companies and summaries of their financial positions are set out at Appendix 1.
- 2.2 CFG was established in order to bring together the businesses of CST, TSJ, ALL and STL in an attempt to create the largest quality meat wholesaler within the M25. On 12 December 2005, all of the issued share capital of CST, STL, TSJ and the business and assets of Richard Garrett Limited (formerly Allens Limited), which traded as Allens of Mayfair, was acquired by CFG to form the Group.
- 2.3 Following the formation of the Group, in February 2006 the operations of TSJ were moved to the CST premises in New Covent Garden as part of the consolidation process. The remaining Group companies continued to trade from their respective premises.
- 2.4 The majority of employees from CST, TSJ, ALL and STL were retained throughout this consolidation process. However, a number of TSJ employees were made redundant before the remaining employees of TSJ and ALL were transferred to CST.
- 2.5 The main causes of the Group's failure were as follows.
 - 2.5.1 The integration of the Group's finance functions not proceeding as well as the directors would have liked, resulting in deficiencies with the financial controls and financial management of the Group.
 - 2.5.2 A fall in sales turnover due to certain commercial customers sourcing products from alternative suppliers to avoid reliance on one supplier, being the Group.

- 2.5.3 The occurrence of pricing errors leading to customers being charged higher prices than they were used to being charged prior to the consolidation. This resulted in a fall in sales.
- 2.5.4 Failure to process credit notes in a timely manner, resulting in chefs missing their monthly profit targets, leading to a further fall in sales.
- 2.5.5 Difficulties in supplying goods to customers' premises on time, as a result of the integration, leading to further falls in turnover.
- 2.6 As a result of the above, the Group quickly began to experience cashflow problems.
- 2.7 On 4 May 2006, TSJ received a statutory demand in respect of unpaid rent totalling £18,837 and on 12 May 2006 the Inland Revenue issued a distraint notice in respect of a debt of £25,249 due from CST.
- 2.8 The directors sought to find a potential purchaser for the Group. However, a purchaser could not be found and it became apparent that the Companies were unable to pay their debts as they fell due.
- 2.9 The directors were left with no alternative but to appoint Administrators to the Companies. On 19 May 2006, Paul Clark and Jason Godefroy of Menzies Corporate Restructuring were appointed Joint Administrators of CFG, CST, TSJ and ALL, and STL on 22 May 2006.
- 2.10 The purpose of an Administration is to achieve the following hierarchical 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.
- 2.11 The Joint Administrators are continuing to pursue the third of the above objectives.

3. ASSET REALISATIONS

C.S.T. (Wholesale) Limited

Book Debts

- 3.1 CST's book debts are subject to an invoice discounting agreement with Landsbanki Commercial Finance ("LCF").
- 3.2 The gross book debt ledger outstanding as at the date of the Joint Administrators' appointment stood at approximately £1,202,000.
- 3.3 To date, approximately £975,000 has been collected and credit notes of £7,000 have been issued.
- 3.4 The remainder of the outstanding collectable debts are being actively pursued.
- 3.5 Bradbury Financial Services Limited has been appointed to collect the book debts of CST.
-

Leasehold Premises, Office Furniture, Computer Equipment and Chattel Assets

- 3.6 CST traded from leasehold premises at Units B65-70 New Covent Garden ("the Premises"). The Premises were leased from the Covent Garden Market Authority.
- 3.7 As previously reported, the landlord held a rent deposit of approximately £37,895. It was established that in the event that CST surrendered its interest in the Premises, it was unlikely that the Joint Administrators would recover any of the deposit as the rent was in arrears and the landlord would have a claim for dilapidations due to significant alterations made to the premises. In addition, no realisations would have been made in respect of the built in refrigeration and fixtures and fittings. As a result, the Joint Administrators sought to assign CST's interest in the premises to a third party.
- 3.8 After a prolonged period of negotiations with interested parties and the landlord, on 18 August 2006 the Joint Administrators achieved a successful sale of CST's interest in the Premises and all fixtures and fittings and chattel assets situated at the Premises, for a consideration of £35,000 plus VAT to the Personal Catering Company Limited.
- 3.9 In addition, a sum of approximately £7,400 was realised from The Personal Catering Company Limited as a contribution towards the rent payable.
- 3.10 Following the sale, the sum of £1,760 was paid to HM Revenue & Customs in settlement of their distraint notice.

Stock

- 3.11 As at the date of the Joint Administrators' appointment, CST held some stock consisting of various raw meat and game products.
- 3.12 The Joint Administrators' agents, Bache Treharne ("Bache"), successfully sold the stock on 19 May 2006 for £9,500.

Deferred Sales Consideration

- 3.13 As mentioned in the Joint Administrators' earlier report to creditors, pursuant to provisions contained in the sales agreements dated 16 November 2005, a sum of £40,461 was received by CST in May 2006. This was banked in error into the invoice discounting trust account operated by LCF. Following the appointment of the Joint Administrators, LCF transferred this sum into CST's estate account operated by the Joint Administrators.
- 3.14 The Joint Administrators understand that a proportion of these funds may be due to STL. The Joint Administrators are awaiting formal confirmation of this.

Shares and Investments

- 3.15 As previously reported, CST has an 11% shareholding in a company called NCB Food Services Limited. Mr G Simcock, a director of CST, is also a director of NCB Food Services Limited.
- 3.16 A dividend of £3,000 in respect of this shareholding has been received by the Joint Administrators.
- 3.17 The Joint Administrators have contacted NCB Food Services Limited to establish if there are any parties interested in purchasing the shares and are continuing to review the options available for their disposal.

Cash at Bank

- 3.18 CST banked with Coutts & Co ("Coutts") and Lloyds TSB Bank plc ("Lloyds").
- 3.19 At the time of the Joint Administrators' appointment, the Coutts bank account contained funds of £838 in respect of receipts from debtors. These funds, together with further book debt receipts, were transferred to the invoice discounting trust account for CST operated by LCF.
- 3.20 At the date of the Joint Administrators' appointment, the Lloyds bank account was overdrawn by approximately £25,647.

Motor Vehicles

- 3.21 As mentioned in the Joint Administrators' previous report, the Group owned, leased or hired thirty-one motor vehicles. Twelve of these vehicles were subject to contract hire and were returned to the hire company.
- 3.22 There was some uncertainty as to which of the Companies within the Group owned the remaining vehicles. Following a review of the Group's books and records, it was concluded that CST owned six motor vehicles.
- 3.23 Of the six vehicles, one has been retained by a garage in lieu of outstanding costs for work carried out prior to the Joint Administrators' appointment. The approximate value of the vehicle is £1,500 and Bache have advised that it is uneconomic to pursue CST's interest in it.
- 3.24 A further vehicle remains unaccounted for and was not present at the date of the Joint Administrators' appointment.
- 3.25 The Joint Administrators' agents, Bache, sold the remaining four vehicles for £16,100 plus VAT. The vehicles were sold by way of a tender sale held on 30 June 2006.
- 3.26 The Joint Administrators have realised the sum of £47,685 in respect of a pre-administration VAT refund. However, HM Revenue & Customs have advised the Joint Administrators that this refund was paid in error and should be repaid to them. We are currently awaiting clarification of this issue.

Other Assets

- 3.27 Gross bank interest of £190 has been received to date by the Joint Administrators.
- 3.28 Sundry refunds of £167 have also been realised.

T.S.J. Woodhouse Limited

Book Debts

- 3.29 As previously reported, TSJ's book debts are subject to an invoice discounting agreement with LCF.
- 3.30 The outstanding gross book debt ledger as at the date of the Joint Administrators' appointment stood at approximately £76,000.

3.31 To date, approximately £61,000 has been collected and credit notes of approximately £4,000 have been issued. The remainder of the outstanding collectable book debts are being actively pursued.

3.32 Bradbury Financial Services Limited has been appointed to collect the book debts of TSJ.

Leasehold Premises

3.33 TSJ formerly traded from leasehold premises situated at 72-79 Blundell Street, London.

3.34 As previously reported, the Joint Administrators' property agents, Currell Commercial ("Currell"), advised that there was no equity in the lease.

3.35 Accordingly, the Joint Administrators consented to the forfeiture of the lease on 26 July 2006. The lease was forfeited with effect from 17 August 2006.

Chattel Assets

3.36 As previously reported, the chattel assets located at the vacant premises at 72-79 Blundell Street were reviewed by Bache. Bache advised that they have no realisable value.

3.37 The Joint Administrators confirmed to the solicitors of the landlord on 31 July 2006 that TSJ had no further interest in these assets.

Cash at Bank

3.38 TSJ banked with Lloyds and NatWest Bank ("NatWest").

3.39 At the time of the Joint Administrators' appointment, the NatWest bank account had a nil balance.

3.40 The Lloyds account was in credit by approximately £626 as at the date of the Joint Administrators appointment. These funds were transferred to the TSJ Administration account after the deduction of bank charges.

Motor Vehicles

3.41 As previously reported, TSJ owned some motor vehicles. Following a review of the Group's books and records it was concluded that TSJ owned two motor vehicles.

3.42 Both vehicles have been sold by Bache for a total sales consideration of £10,700 plus VAT where applicable.

Other Assets

3.43 Sundry refunds of approximately £300 have been received by the Joint Administrators.

Allens Limited

Book Debts

3.44 At the date of the Joint Administrators' appointment, ALL's gross sales ledger stood at approximately £74,000.

3.45 To date approximately £47,000 has been collected and credit notes of £3,500 have been issued. The remainder of the outstanding collectable book debts are being actively pursued.

3.46 Bradbury Financial Services Limited has been appointed to collect the book debts of ALL.

Cash at Bank

3.47 ALL banked with Lloyds and the account was overdrawn by approximately £4,923 as at the date of the Joint Administrators' appointment.

3.48 As previously reported, £5,000 was transferred to ALL on 22 May 2006 from STL. This resulted in the account being in credit by £76. These funds were transferred to ALL's administration account after the deduction of bank charges, realising the sum of £19.

3.49 The Joint Administrators have commenced an investigation of the above transfer of funds.

Sharptone Limited

Book Debts

3.50 At the date of the Joint Administrators' appointment the gross book debt ledger of STL stood at £219,944. To date, approximately £75,000 has been collected. The remaining outstanding debts are being actively pursued.

3.51 Bradbury Financial Services Limited has been appointed to collect the book debts of STL.

Freehold Property

3.52 STL owed a freehold property situated at 10 St John Street, Smithfield, London.

3.53 As previously reported, the Joint Administrators instructed Currell to market and sell the property. The marketing campaign co-ordinated by Currell generated significant interest in the property.

3.54 The Joint Administrators reviewed offers made for the property together with advice received from Currell and accepted an offer from Micagold Limited for £460,000. The sale of the property completed on 30 August 2006.

3.55 As previously stated, the property was subject to a fixed charge in favour of LCF.

Chattel Assets

3.56 As previously reported, the disposal of the chattel assets used in the business of STL was managed by the Joint Administrators' agents, Bache. The sum of £300 was realised for these assets.

Cash at Bank

3.57 STL banked with Lloyds and Coutts.

3.58 As previously reported, STL's Lloyds account was overdrawn by approximately £121. The Coutts accounts were in credit by £6,463. These funds were transferred into the STL Administration bank account.

- 3.59 The Joint Administrators are currently investigating the transfer of £25,000 from STL's Lloyds account to CST and ALL on 22 May 2006, the date of the Joint Administrators' appointment.

Other Assets

- 3.60 Bank interest of £457 has been realised to date.

The Charterhouse Food Group Limited

- 3.61 As previously reported, the business and assets of Richard Garrett Limited (formerly Allens Limited) were acquired by CFG under the terms of an agreement dated 16 November 2005.

Leasehold premises

- 3.62 The "Allens of Mayfair" business was operated from leasehold premises situated at 117 Mount Street, Mayfair, London.
- 3.63 As previously reported, the lease was not formally assigned to any of the Companies. The Joint Administrators' solicitors, Addleshaw Goddard, advised that the Companies had no realisable interest in this lease.

The Trading Name "Allens" and Chattel Assets

- 3.64 As previously reported, the Companies had no realisable interest in the lease and therefore it was not possible for the Joint Administrators to sell a going concern business as such. In addition, the landlord of the property decided to grant access to the property to Rare Butchers of Distinction Limited ("Rare") and allow them to commence trading from the premises with effect from 20 May 2006.
- 3.65 As a result, the Joint Administrators concluded that if any value were to be achieved for the trading name "Allens", a quick sale would need to be effected. After a short period of negotiations, a sale of the trading name "Allens", together with the majority of the chattel assets, fixtures and fittings located at 117 Mount Street was concluded to Rare for a total consideration of £10,000 plus VAT.
- 3.66 A further £300 was realised by Bache as consideration for the sale of further chattel assets located at the premises.
- 3.67 No further realisations are expected.

Cash at Bank

- 3.68 CFG banked with Coutts.
- 3.69 Coutts have confirmed the account was dormant prior to the appointment of the Joint Administrators with a nil balance.

Motor Vehicles

- 3.70 As previously reported, CFG owned nine motor vehicles.
- 3.71 The vehicles were sold by Bache for a total sales consideration of £42,412 plus VAT where applicable.

Receipts and Payments

- 3.72 Attached at appendix 2 are the Joint Administrators' receipts and payments accounts for the Companies.

4. CREDITORS' MEETINGS

- 4.1 You will recall from our previous report that pursuant to Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, creditors' meetings were not required to be held as there will be insufficient assets to enable a distribution to unsecured creditors other than from the prescribed part pursuant to Section 176A of the Insolvency Act 1986, if any.
- 4.2 No meetings were convened and in accordance with Rule 2.33(5) of the Insolvency Rules 1986 the Administrators' proposals were deemed to have been approved by the Companies' creditors.

5. INVESTIGATIONS

- 5.1 The directors' conduct reports for all Companies were submitted to the Insolvency Practitioners Compliance Unit on 14 November 2006.

6. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditor

Landsbanki Commercial Finance ("LCF")

- 6.1 In consideration for monies advanced to the Group, CFG, CST, TSJ and STL granted debentures to LCF conferring fixed and floating charges over the whole of their assets.
- 6.2 LCF also holds a deed of guarantee and indemnity granting LCF cross guarantees in respect of CFG, CST, TSJ and STL.
- 6.3 As at the date of the Joint Administrators' appointment, the total indebtedness to LCF was approximately £1,125,000, subject to accruing interest and charges.
- 6.4 LCF have been repaid in full including charges.

Preferential Creditors

- 6.5 The preferential creditors' claims will consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the Secretary of State for Trade and Industry following payment by the Redundancy Payments Office ("RPO").
- 6.6 In addition to any outstanding employee preferential claims, the Joint Administrators have been notified of the preferential claims set out below.

C.S.T. (Wholesale) Limited

- 6.7 The RPO submitted a preferential claim totalling £18,260 for payments made to employees.

- 6.8 Based upon current information, it appears unlikely that there will be sufficient funds available to enable a distribution to preferential creditors. Should this position change, preferential creditors will be advised accordingly.

Sharptone Limited

- 6.9 The RPO submitted a nil preferential claim.
- 6.10 It is currently uncertain as to whether there will be sufficient funds available to enable a distribution to preferential creditors.

T.S.J. Woodhouse Limited

- 6.11 The RPO submitted a preferential claim totalling £7,094 for payments made to employees.
- 6.12 Based upon current information, it appears unlikely that there will be sufficient funds available to enable a distribution to preferential creditors. Should this position change, preferential creditors will be advised accordingly.
- 6.13 Please note that the Joint Administrators have not adjudicated upon any preferential creditors' claims at this stage.

Prescribed Part

- 6.14 Pursuant to section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003, a prescribed part of the Company's net property shall be made available to non-preferential creditors.
- 6.15 The prescribed part is calculated as a percentage of net property, as follows:-
- | | |
|-----------------------------------|---|
| Net property less than £10,000: | 50% unless the costs of the distribution outweigh the benefits |
| Net property is at least £10,000: | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000. |
- 6.16 As the secured creditor, LCF, has been repaid in full, there will be no prescribed part.

Non-Preferential Creditors

- 6.17 Based upon the current information available, it is anticipated that there will be insufficient realisations to enable a distribution to the non-preferential creditors of the Companies.

7. JOINT ADMINISTRATORS' REMUNERATION

- 7.1 In accordance with Rule 2.106 of the Insolvency Rules 1986 (as amended), the Joint Administrators sought the approval of the secured and, where applicable, preferential creditors in respect of their remuneration. The Joint Administrators' remuneration is fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administrations.

The Charterhouse Food Group Limited

- 7.2 The Joint Administrators' remuneration was approved by the secured creditor, LCF.
- 7.3 The Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006 total £31,046. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £22,600 to date.

C.S.T. (Wholesale) Limited

- 7.4 The Joint Administrators' remuneration was approved by CST's secured creditor, LCF, and the preferential creditors.
- 7.5 The Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006 total £87,547. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £30,000 to date.

T.S.J. Woodhouse Limited

- 7.6 The Joint Administrators' remuneration was approved by the secured creditor, LCF.
- 7.7 The Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006 total £27,485. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn £15,000 to date.

Sharptone Limited

- 7.8 The Joint Administrators' remuneration was approved by STL's secured creditor, LCF, and the preferential creditors.
- 7.9 The Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006 total £45,097. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £33,800 to date.

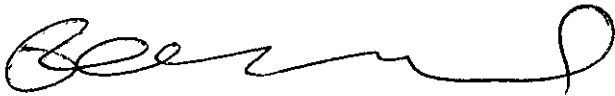
Allens Limited

- 7.10 The Joint Administrators' remuneration has yet to be approved.
- 7.11 The Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006 total £20,123. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have not drawn any remuneration to date.
- 7.12 A creditors guide to Administrators' fees is attached to this report at Appendix 4.

8. CONCLUSIONS

- 8.1 In accordance with the Joint Administrators' proposals, upon completion of all outstanding matters, necessary steps will be taken to give notice to the Registrar of Companies to the effect that the Companies have no further property which might permit further distributions to creditors, at which time the Administrations will cease. Notice will be served on all creditors at that time.

- 8.2 In the event that book debts and other realisations exceed current expectations leading to funds becoming available for non-preferential creditors, then the Joint Administrators would propose to place the relevant company into Creditors' Voluntary Liquidation in order to effect a distribution, in accordance with the proposals. While this is extremely unlikely to be the case with CFG, CST, TSJ and ALL, it remains a possibility in the case of STL.
- 8.3 The Joint Administrators will be continuing to progress their administration of the Companies and will report to creditors again by 18 May 2007 at the latest.
- 8.4 Should you require further information or assistance, please contact my colleague Rob Goodhew in the first instance.



Paul Clark
Joint Administrator

Encs.

APPENDIX 1

STATUTORY INFORMATION

Company	The Charterhouse Food Group Limited	
Date of incorporation	14 July 2005	
Registered number	05509042	
Company directors	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB Mr R Woodhouse, 2 Shellbrook Cottages, College Road Ardingly, West Sussex, RH17 6SQ	
Company secretary	Scrip Secretaries Limited	
Shareholders	Mr P Reid Mr S Reid Mr G Simcock, Mr I Woodhouse Mr B Woodhouse Mr G Hucks HSBC Global Custody Nominee (UK) Limited The Executors of Richard Peter Relf Garrett (Deceased)	
Head office	Units B65-70 New Covent Garden 9 Elms Lane Vauxhall London SW8 5HH	
Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	5 th Floor 17 Hanover Square London W1S 1HU
Any Other Trading Names:	None	
Financial Information:	The Company was a holding company and did not trade.	

STATUTORY INFORMATION

Company	C.S.T. (Wholesale) Limited	
Date of incorporation	16 July 2001	
Registered number	04252549	
Company directors	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB	
Company secretary	Scrip Secretaries Limited	
Shareholder	The Charterhouse Food Group Limited – 100%	
Head office	Units B65-70 New Covent Garden 9 Elms Lane Vauxhall London SW8 5HH	
Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	5 th Floor 17 Hanover Square London W1S 1HU
Any Other Trading Names:	Allens	

Financial Information	Period Ended 31 March 06 (Draft Management Accounts)	Year Ended 31 March 05 (Audited)	Year Ended 31 March 04 (Audited)	Year Ended 31 March 03 (Audited)
	£	£	£	£
Turnover	5,397,991	3,607,513	4,371,948	Unknown
Gross Profit	1,070,932	854,205	1,003,844	Unknown
Retained profit/(loss) for the year	(186,812)	25,791	50,519	Unknown

STATUTORY INFORMATION

Company	T.S.J. Woodhouse Limited	
Date of incorporation	9 July 1935	
Registered number	00302804	
Company director	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB Mr R Woodhouse, 2 Shellbrook Cottages, College Road Ardingly, West Sussex, RH17 6SQ	
Company secretary	Scrip Secretaries Limited	
Shareholder	The Charterhouse Food Group Limited – 100%	
Head office	Unit B65-70 New Covent Garden 9 Elms Lane Vauxhall London SW8 5HH	
Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	72-98 Blundell Street London N7 9TS
Any Other Trading Names:	Allens	

Financial Information	Period Ended 31 March 06 (Draft Management Accounts) £	Year Ended 30 June 05 (Audited) £	Year Ended 30 June 04 (Audited) £	Year Ended 30 June 03 (Audited) £
Turnover	2,148,149	4,926,609	5,507,913	5,638,076
Gross Profit	436,084	967,218	1,281,520	1,370,054
Retained profit/(loss) for the year	(237,489)	(66,557)	(26,740)	(675,713)

STATUTORY INFORMATION

Company	Allens Limited	
Date of incorporation	9 April 2001	
Registered number	04196618	
Company directors	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB	
Company secretary	Scrip Secretaries Limited	
Shareholder	The Charterhouse Food Group Limited – 100%	
Head office	117 Mount Street Mayfair London W1K 3LA	
Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	5 th Floor 17 Hanover Square London W1S 1HU
Any Other Trading Names:	Allens Allens of Mayfair Allens Wholesale Limited	
Financial Information:	N/A – The company was dormant throughout the years ended 31 March 2003, 2004 and 2005.	

STATUTORY INFORMATION

Company Sharptone Limited

Date of incorporation 21 May 1998

Registered number 03568597

Company directors Mr P Reid, 135 Taybridge Road, London, SW11 5PY
 Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB

Company secretary Scrip Secretaries Limited

Shareholder The Charterhouse Food Group Limited – 100%

Head office 10 St John Street
 London
 EC1M 4AY

Registered Office

<p>Current:</p> <p>43-45 Portman Square London W1H 6LY</p>	<p>Formerly:</p> <p>5th Floor 17 Hanover Square London W1S 1HU</p>
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Any Other Trading Names: Sproat & Harvey

Financial Information	Year Ended 31 March 06 (Draft Management Accounts) £	Year Ended 31 March 05 (Unaudited) £	Year Ended 31 March 04 (Unaudited) £	Year Ended 31 March 03 (Unaudited) £
Turnover	1,271,124	1,419,696	1,478,509	1,621,426
Gross Profit	143,129	185,315	180,955	242,612
Retained profit / (loss) for the year	13,523	6,512	2,996	39,532

APPENDIX 2

**The Charterhouse Food Group Limited
(In Administration)**

**Joint Administrators' Receipts And Payments Account for the Period
19 May 2006 to 13 December 2006**

RECEIPTS	Total (£)
Chattel assets	10,300.00
Motor vehicles	42,412.00
Bank interest gross	30.82
VAT payable	8,585.86
	<hr/> <u>61,328.68</u>
 PAYMENTS	
Preparation of Statement of Affairs	1,500.00
Joint Administrators' remuneration	22,600.00
Joint Administrators' disbursements	798.72
Agents' fees	1,383.10
Statutory advertising	148.23
Bank charges	1.95
VAT receivable	4,603.20
	<hr/> <u>31,035.20</u>
Balances in hand	<hr/> <u>30,293.48</u>

**C.S.T. (Wholesale) Limited
(In Administration)**

**Joint Administrators' Receipts And Payments Account for the Period
19 May 2006 to 13 December 2006**

RECEIPTS	Total (£)
Lease, furniture & equipment	35,000.00
Motor vehicles	16,100.00
Stock	9,500.00
Debtors	32,574.44
Shares & investments - dividend received	3,000.00
Contribution for rent from purchaser	7,401.00
Pre-appointment VAT refund	47,685.31
Deferred consideration - to be confirmed	40,641.00
Sundry refund	166.82
Bank interest gross	189.84
VAT payable	8,225.00
	<hr/>
	200,483.41
	<hr/>
PAYMENTS	
Waste removal	590.00
Food hygiene services	1,352.00
Settlement of crown distraint notice	1,670.00
Preparation of Statement of Affairs	1,500.00
Joint Administrators' remuneration	30,000.00
Joint Administrators' disbursements	882.14
Fees and expenses re leasehold property	9,498.72
Agents' fees	805.00
Accountancy fees	11,350.00
Stationery & postage	4,694.36
Employee consultant services	2,000.00
Storage costs	1,602.80
Re-direction of mail	232.50
Statutory advertising	148.23
Wages & salaries	24,985.31
PAYE & NI	798.18
Bank charges	90.24
VAT receivable	37,537.68
General VAT control account	6,751.77
	<hr/>
	136,488.93
	<hr/>
Balances in hand	63,994.48
	<hr/>

Note: The debtors figure above is subject to further reconciliation.

**T.S.J. Woodhouse Limited
(In Administration)**

**Joint Administrators' Receipts And Payments Account for the Period
19 May 2006 to 13 December 2006**

RECEIPTS	Total (£)
Motor vehicles	10,700.00
Debtors	28,695.76
Cash at bank	532.25
Sundry refund	301.40
Bank interest gross	1.53
VAT payable	822.50
General VAT control account	52.19
	<hr/> <hr/> 41,105.63
 PAYMENTS	
Vehicle costs	4,551.02
Joint Administrators' remuneration	15,000.00
Joint Administrators' disbursements	232.00
Preparation of Statement of Affairs	1,500.00
Employee consultant services	150.00
Statutory advertising	148.23
Bank charges	5.93
VAT receivable	3,120.64
	<hr/> <hr/> 24,707.82
Balances in hand	<hr/> <hr/> 16,397.81

Note: The debtors figure shown above is subject to further reconciliation.

**Allens Limited
(In Administration)**

**Joint Administrators' Receipts And Payments Account for the Period
19 May 2006 to 13 December 2006**

RECEIPTS	Total (£)
Debtors	5,736.76
Cash at bank	18.53
Bank interest gross	0.07
	<u>5,755.36</u>
 PAYMENTS	
Bank charges	1.95
	<u>1.95</u>
Balances in hand	<u>5,753.41</u>

Note: The debtors figure above is subject to further reconciliation.

**Sharptone Limited
(In Administration)**

**Joint Administrators' Receipts And Payments Account for the Period
22 May 2006 to 13 December 2006**

RECEIPTS	Total (£)
Freehold property	460,000.00
Furniture & equipment	300.00
Debtors	75,151.62
Cash at bank	6,463.19
Bank interest gross	457.02
VAT payable	52.50
	<hr/>
	542,424.33
	<hr/>
PAYMENTS	
Agents fees - fixed	10,155.50
Chargeholder	400,053.19
Preparation of Statement of Affairs	1,500.00
Book debt collection charges	5,411.49
Joint Administrators' remuneration	33,800.00
Joint Administrators' disbursements	374.45
Stationery & postage	3,293.93
Storage costs	289.64
Statutory advertising	138.51
Bank charges	54.91
VAT receivable	26,871.68
	<hr/>
	481,943.30
	<hr/>
Balances in hand	<u>60,481.03</u>

APPENDIX 3

The Charterhouse Food Group Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	10.00	7.90		30.80		48.70	9,299.00	190.94
General admin		15.00	20.70	49.90	0.20	85.80	8,363.50	97.48
General correspondence	0.60	5.20		27.40	7.60	40.80	4,703.00	115.27
Statutory meetings & reports		1.50	0.80	11.80		14.10	1,948.00	138.16
Unsecured creditors				16.10		16.10	1,458.50	90.59
CDDA reports	0.20	1.30		8.80		10.30	1,401.00	136.02
Cashiering & accounting	0.20		1.00	8.30		9.50	1,176.50	123.84
Floating charge assets		1.30		7.20		8.50	1,043.00	122.71
Financial review		1.50				1.50	405.00	270.00
Investigations (inc. antecedant transactions)				2.40		2.40	332.00	138.33
Employee matters				3.10		3.10	273.50	88.23
Statement of affairs				1.50		1.50	217.50	145.00
Proposals		0.30		1.90		2.20	204.50	92.95
Meetings				2.30		2.30	149.50	65.00
Secured Creditors				0.70		0.70	45.50	65.00
IPS set up & maintenance				0.40		0.40	26.00	65.00
Total Hours	11.00	34.00	22.50	172.60	7.80	247.90	31,046.00	125.24
Total Fees Claimed (£)	3,850.00	9,180.00	789.00	17,071.00	156.00		31,046.00	

C.S.T. (Wholesale) Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006

Classification of Work Function	Hours					Total Hours	Time Cost £	Average Hourly Rate £
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	13.40	31.40		43.40	0.10	88.30	17,563.00	198.90
General admin	0.20	35.40	15.80	83.40	0.20	135.00	16,918.00	125.32
General correspondence	1.70	16.80	0.30	56.10	13.50	88.40	10,759.50	121.71
Floating charge assets		38.50		11.20		49.70	11,723.00	235.88
Book debts	0.30	17.00		23.10		40.40	7,580.50	187.64
Unsecured creditors		3.30		44.60		47.90	4,318.00	90.15
Employee matters	0.20	4.40		30.50		35.10	3,888.50	110.78
Statutory meetings & reports		6.00	0.30	12.20		18.50	3,305.00	178.65
Sale of business	0.20	1.00		22.20		23.40	2,983.00	127.48
CDDA reports	0.40	0.70		29.50		30.60	2,494.50	81.52
Cashiering & accounting	1.20		4.60	13.60		19.40	2,597.00	133.87
Meetings		3.60		0.70		4.30	1,017.50	236.63
Retention of title		0.50		6.50		7.00	797.50	113.93
Preferential creditors				6.00		6.00	518.00	86.33
Proposals		1.30		2.30		3.60	500.50	139.03
Statement of affairs				2.30		2.30	325.50	141.52
Investigations (inc. antecedant transactions)				1.90		1.90	251.50	132.37
IPS set up & maintenance				0.10		0.10	6.50	65.00
Total Hours	17.60	159.90	21.00	389.60	13.80	601.90	87,547.00	145.45
Total Fees Claimed (£)	6,160.00	43,173.00	1,518.00	36,420.00	276.00		87,547.00	

Analysis of category 2 disbursements

Classification of Work Function	Details of Payee	£
ERA	Menzies Chartered Accountants	2,000.00
Total		2,000.00

T.S.J. Woodhouse Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	9.20	10.30		18.00		37.50	7,579.00	202.11
General admin	0.20	12.00	7.10	43.10	0.10	62.50	7,399.50	118.39
General correspondence	1.00	4.80		22.10	7.20	35.10	3,738.50	106.51
CDDA reports	0.20	0.50		15.70		16.40	1,881.50	114.73
Employee matters		1.40		12.70		14.10	1,723.50	122.23
Statutory meetings & reports		1.30		9.00		10.30	1,536.00	149.13
Book debts	0.30	2.20		5.40		7.90	1,482.00	187.59
Unsecured creditors				11.10		11.10	889.50	80.14
Cashiering & accounting	0.30		0.90	4.30		5.50	698.00	126.91
Statement of affairs				1.40		1.40	203.00	145.00
Investigations (inc. antecedant transactions)				1.50		1.50	185.50	123.67
Proposals				2.30		2.30	149.50	65.00
Floating charge assets				0.10		0.10	6.50	65.00
IPS set up & maintenance				0.10		0.10	6.50	65.00
Preferential creditors				0.10		0.10	6.50	65.00
Total Hours	11.20	32.50	8.00	146.90	7.30	205.90	27,485.00	133.49
Total Fees Claimed (£)	3,920.00	8,775.00	335.50	14,308.50	146.00		27,485.00	

Analysis of category 2 disbursements

Classification of Work Function	Details of Payee	£
ERA	Menzies Chartered Accountants	150.00
Total		150.00

Allens Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 12 December 2006

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	10.00	4.50		14.10	0.20	28.80	5,699.50	197.90
General admin	0.10	7.90	4.90	33.10	0.10	46.10	4,887.50	106.02
General correspondence	0.50	4.40		18.20	5.00	28.10	2,886.00	102.70
Unsecured creditors				19.00		19.00	1,499.00	78.89
CDDA reports	0.20	0.80		6.60		7.60	1,115.00	146.71
Book debts	0.30	0.50		8.00		8.80	1,056.00	120.00
Statutory meetings & reports		1.00		4.90		5.90	892.50	151.27
Sale of business		2.20		0.70		2.90	639.50	220.52
Employee matters				3.90		3.90	341.50	87.56
Investigations (inc. antecedant transactions)				2.40		2.40	268.00	111.67
Proposals		0.30		2.40		2.70	237.00	87.78
Cashiering & accounting	0.10		0.20	1.70		2.00	204.50	102.25
Floating charge assets		0.20		1.70		1.90	164.50	86.58
Statement of affairs				0.90		0.90	130.50	145.00
Meetings				1.00		1.00	81.00	81.00
Retention of title				0.20		0.20	21.00	105.00
Total Hours	11.20	21.80	5.10	118.80	5.30	162.20	20,123.00	124.06
Total Fees Claimed (£)	3,920.00	5,886.00	141.00	10,070.00	106.00		20,123.00	

Sharptone Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 22 May 2006 to 12 December 2006

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	11.10	12.10		34.20		57.40	11,083.00	192.74
General admin		11.80	7.60	52.40		71.80	7,502.00	104.48
Fixed charge assets		13.30		12.00		25.30	5,283.00	208.81
General correspondence	0.80	7.10		28.30	3.50	39.70	5,150.50	129.74
CDDA reports	0.20	5.10		27.00		32.30	4,026.00	124.64
Book debts	0.40	2.30		12.60		15.30	2,508.00	163.92
Statutory meetings & reports		3.70	0.60	8.70		13.00	2,300.50	176.96
Cashiering & accounting	0.70		3.40	12.50		16.60	2,292.50	138.10
Unsecured creditors				17.30		17.30	1,576.50	91.13
Investigations (Inc. antecedant transactions)				4.60		4.60	667.00	145.00
Floating charge assets		1.50		1.70		3.20	563.50	176.09
Sale of business				4.20		4.20	441.00	105.00
Preferential creditors				3.80		3.80	439.00	115.53
Employee matters				4.70		4.70	417.50	88.83
Proposals		0.50		2.60		3.10	304.00	98.06
Meetings		1.00				1.00	270.00	270.00
Statement of affairs				1.60		1.60	232.00	145.00
Financial review		0.20				0.20	54.00	270.00
IPS set up & maintenance				0.10		0.10	6.50	65.00
Total Hours	13.20	58.60	11.60	228.30	3.50	315.20	45,096.50	143.07
Total Fees Claimed (£)	4,620.00	15,822.00	1,003.00	23,541.50	70.00		45,096.50	

APPENDIX 4

MENZIES CORPORATE RESTRUCTURING

PROFESSIONAL FEES – SIP 9

MCR's mission statement is "to provide clients with an outstanding service based on technical excellence, effective problem solving and the highest level of client care". It provides a quality, partner led service and takes compliance with insolvency legislation and best practice guidance seriously.

This guide to our fees has been produced to provide creditors with information required by best practice guidance. We recommend that this guidance is read in conjunction with the note entitled "A Creditors Guide to Administrators Fees", which is attached.

At MCR we seek to recover fees on time cost basis. Set out below are our firm's hourly rates, with effect from 1 January 2006, excluding VAT:

	£
Insolvency Practitioner Partners	350
Managers	215 - 270
Supervisors	145 - 200
Assistants/Support staff	20 - 105

Other specialists may be called upon from within Menzies Chartered Accountants with hourly rates at between £50 and £250 per hour. Work undertaken to review and reclaim corporation tax prior to the appointment of administrators, when undertaken by Menzies Chartered Accountants, is charged as a percentage of realisations. The rate usually applied is 10%.

In addition, we occasionally use an associated business, Active Receivables Management Limited to assist with the collection of book debts and other matters that the officeholders deem necessary. Depending upon the complexity and difficulties with the debtor records, work is undertaken on a basis of a percentage of realisations. The rate usually applied is 10% plus VAT and expenses.

As previously stated, MCR prides itself on the quality of work undertaken. With that in mind, we would invite creditors to consider the following points:

1. In our financial year to 30 June 2006, if we divide the fees charged by hours available by staff and partners, we achieved an average rate of remuneration of £67.08 per hour.
2. Our own standards mean that we undertake an investigation into the affairs of all companies in liquidation irrespective of the level of realisations that will be achieved.
3. Time costs are not fully recovered in all cases undertaken. The practice has to meet its own overheads and those associated with an insolvent state irrespective of when fees are available from a particular case. We endeavour to allocate tasks to staff with the appropriate skills and at an appropriate charge-out rate.
4. Expenses and disbursements incurred by MCR in dealing with the administration of insolvent estates are discharged as a practice overhead out of fee income. This means that there are no hidden costs for recharging the use of internal meeting rooms, document storage and other services provided by the firm.
5. For the avoidance of doubt, direct costs relating to the administration of an estate are recovered if funds permit. These include, where applicable, advertising, travel expenses and expense claims by MCR staff where they are obliged to work away from the office. MCR only seeks to recover the costs of printing, room hire and document storage provided by external suppliers.

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

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 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 fees

- 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 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 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.

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 requisitioned 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 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 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 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 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.

9. Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he 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.