

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

2.34B

Name of Company
Sharptone Limited

Company number
03568597

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

For court use only
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,

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

having been appointed administrators of Sharptone Limited 43-45 Portman Square, London, W1H 6LY, ("the company")

(c) Insert date of appointment

On (c) 22 May 2006 by (d) the directors of the company

(d) Insert name of appointor

hereby give notice that

(e) Insert name(s) and address(es) of liquidator(s)

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring, 43-45 Portman Square, London, W1H 6LY will be the liquidators of the company (IP Numbers 8570 and 9097) - 2

We attach a copy of the final progress report

Signed [Signature] Joint Administrators

Dated 11 September 2007

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

Tel 020 7487 7240

SATURDAY



A48 15/09/2007 287
COMPANIES HOUSE

Empty rectangular box for additional contact information.

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

**Sharptone Limited
(In Administration)**

**Final Report to Creditors
pursuant to Rule 2.117 of the
Insolvency Rules 1986 (as amended)**

11 September 2007

Names of Joint Administrators: Paul John Clark
Jason James Godefroy

Date of appointment: 22 May 2006

Date of report: 11 September 2007

Appointed by: Directors

Court reference: Royal Courts of Justice number: 3605 of 2006

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

CONTENTS

- 1 Introduction
- 2 Background
- 3 Asset realisations
- 4 Creditors' Meeting
- 5 Investigations
- 6 Dividend Prospects / Prescribed Part
- 7 Joint Administrators' remuneration
- 8 Joint Administrators' proposals
- 9 Outcome and end of Administration

APPENDICES

- 1 Statutory information
- 2 Receipts and payments account
- 3 Schedule of Joint Administrators' time costs
- 4 Joint Administrators' proposals
- 5 Proof of debt form

1. INTRODUCTION

- 1.1 Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring were appointed Joint Administrators of Sharptone Limited ("STL" and "the Company") on 22 May 2006 by the directors of the Company pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 This will be the final report in the Administration as the Company will shortly be placed into Creditors' Voluntary Liquidation to enable distributions to be made to STL's preferential and non-preferential creditors.
- 1.4 The Joint Administrators' earlier reports to creditors also covered the Administrations of The Charterhouse Food Group Limited ("CFG"), C.S.T. (Wholesale) Limited ("CST"), T.S.J. Woodhouse Limited ("TSJ") and Allens Limited ("ALL") which together with the Company, formed a group ("the Group") In the cases of CFG, CST, TSJ and ALL, there are insufficient funds available to enable a distribution to be made to their respective preferential and non-preferential creditors and, in accordance with the Joint Administrators' proposals, these other companies will not be placed into liquidation at this stage. The Joint Administrators will report under separate cover on the conduct of these Administrations to their respective creditors in due course
- 1.5 The purpose of this report is to detail the Joint Administrators' acts and dealings together with the conduct of the Administration of STL only since the last report to creditors dated 30 May 2007 and to provide a final account of the progress of the Administration in accordance with Rule 2.110 of the Insolvency Rules 1986

2. BACKGROUND

- 2.1 STL was incorporated on 21 May 1998.
- 2.2 The Joint Administrators refer you to their earlier reports dated 12 July 2006, 13 December 2006 and 30 May 2007 for a detailed summary of the Group's background and details of the events leading up to the appointment of the Joint Administrators.
- 2.3 The purpose of an Administration is to achieve the following hierarchical objectives:
- a) Rescuing the company as a going concern; or
 - b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
 - c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.4 The Joint Administrators has been successful in achieving c) above.

3. ASSET REALISATIONS

- 3.1 The manner in which the affairs and business of the Company has been managed since the appointment of the Joint Administrators are set out below.

Book Debts

- 3.2 At the date of the Joint Administrators' appointment the gross book debt ledger of STL stood at £219,945.
- 3.3 As previously reported, the book debt collection process has now ceased with collections totalling £84,615. Included in collections are £6,463 of debtor realisations reflected as cash at bank on the receipts and payments account attached at appendix 2.
- 3.4 Of the outstanding balance of £135,330, approximately £85,282 relates to un-collectable inter-company debts, £3,321 relates to debts offset by creditors against outstanding balances due from the Company and £46,727 relates to various disputed debts. All outstanding balances have been written off in full

Freehold Property

- 3.5 STL owed a freehold property situated at 10 St John Street, Smithfield, London, EC1M 4AY ("the Property").
- 3.6 As previously reported, the Joint Administrators accepted an offer from Micagold Limited for £460,000. The sale of the Property completed on 30 August 2006
- 3.7 As previously stated, the Property was subject to a fixed charge in favour of Landsbanki Commercial Finance.
- 3.8 The Joint Administrators previously reported that the sale of the Property may give rise to a chargeable gain. A corporation tax return has been filed with HM Revenue and Customs which confirms that the sale of the Property did not give rise to a chargeable gain.

Chattel Assets

- 3.9 The disposal of the chattel assets used in the business of STL was managed by the Joint Administrators' agents, Bache Treharne LLP. The sum of £300 was realised for these assets

Cash at Bank

- 3.10 STL banked with Coutts & Co ("Coutts") and Lloyds TSB Bank plc ("Lloyds").
- 3.11 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.
- 3.12 The Joint Administrators have investigated the transfer of £25,000 from the Company's Lloyds account to CST and ALL on 22 May 2006, the date of the Joint Administrators' appointment. The Joint Administrators expect to conclude this matter shortly

Other Assets

- 3.13 Bank interest of £2,042 has been realised to date.
- 3.14 Sundry refunds of approximately £406 have been received by the Joint Administrators.

Receipts and Payments

- 3 15 Attached at appendix 2 is a Receipts and Payments Account

4. CREDITORS' MEETING

- 4.1 You will recall from our previous reports that pursuant to Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, a creditors' meeting was not required to be held as it was anticipated that there would be insufficient assets to enable a distribution to be made to unsecured creditors other than from the prescribed part pursuant to Section 176A of the Insolvency Act 1986, if any
- 4 2 No meeting was 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 report for STL was submitted to the Insolvency Practitioners Compliance Unit on 14 November 2006
- 5.2 As previously reported, the Joint Administrators are currently reviewing the statutory declarations of solvency under S155(6) of the Companies Act 1985 executed by the directors of the Company. The review also encompasses statutory declarations of solvency under S155(6) of the Companies Act 1985 executed by the directors TSJ and CST
- 5.3 Following advice from the Joint Administrators' solicitors, a dossier of information has been compiled and has been sent to the Joint Administrators' solicitors for review. This matter has yet to be concluded.

6. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditor

Landsbanki Commercial Finance ("LCF")

- 6.1 In consideration for the monies advanced to STL, the Company granted LCF a debenture dated 12 December 2005 which confers fixed and floating charges over all of the assets of the Company. This includes the property situated at 10 St John Street, London, EC1M 4AY
- 6.2 LCF also holds a deed of guarantee and indemnity granting LCF cross guarantees in respect of the other group members being, CFG, CST, TSJ and STL.
- 6.3 As at the date of the Joint Administrators' appointment, the total indebtedness to LCF from the Group was approximately £1,125,000, subject to accruing interest and charges
- 6 4 LCF have been repaid in full.

Preferential Creditors

- 6.5 Preferential creditors' claims 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 As previously reported, the RPO have submitted a nil preferential claim.
- 6.7 The Company employed three employees who were made redundant on 22 May 2006. Based on current information, preferential creditor claims are expected to total approximately £2,000. Please note that the Joint Administrators have not adjudicated upon preferential creditor claims and therefore this figure may be subject to revision.
- 6.8 It is estimated that the preferential creditors will be repaid in full

Prescribed Part

- 6.9 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.
- 6.10 As the secured creditor, LCF, has been repaid in full, no prescribed part calculation is necessary

Non-Preferential Creditors

- 6.11 According to the director's estimated statement of affairs, non-preferential creditors total £338,459. Please note that this is an estimate only
- 6.12 Based on current realisations, it is anticipated that there will be sufficient funds available to enable a distribution to the non-preferential creditors of the Company.
- 6.13 Creditors should complete the Proof of Debt form attached at Appendix 5 and return it to this office together with full supporting documentation to include copies of all outstanding invoices together with a statement of account.**

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 creditor and 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 Administration
- 7.2 The Joint Administrators' time costs for the period 22 May 2006 to 10 September 2007 total £65,843. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £48,800 to date
- 7.3 Creditors will note that time costs of approximately £17,000 remain unpaid. Although the Joint Administrators currently have the appropriate authority from the Company's secured creditor and preferential creditors to draw these unpaid Administration time costs as remuneration, the Joint Administrators propose to request the approval of creditors at the initial meeting of creditors to be convened in the liquidation to draw this sum as the final remuneration in the Administration. Creditors will be advised of the timing of this meeting in due course

8. JOINT ADMINISTRATORS' PROPOSALS

- 8.1 In accordance with Rule 2.110(2), attached at Appendix 4 is a copy of the Joint Administrators' proposals.

9. OUTCOME AND END OF ADMINISTRATION

- 9.1 Following the deemed acceptance of the Joint Administrators' proposals on 8 August 2007, the Joint Administrators are now taking the appropriate steps to place the Company into Creditors' Voluntary Liquidation, to enable a distribution to be made to preferential and non-preferential creditors
- 9.2 Upon the filing of the necessary statutory form with the Registrar of Companies, the Joint Administrators will be appointed as Joint Liquidators of the Company and the Administration will come to an end.
- 9.3 If you require further information or assistance, please do not hesitate to contact Robert Goodhew of this office



Paul Clark
Joint Administrator

Encs.

APPENDIX 1

STATUTORY INFORMATION

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

Shareholders 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>
--	--

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

**Sharptone Limited
(In Administration)**

**Joint Administrators' Receipts and Payments Account for the period
22 May 2006 to 10 September 2007**

RECEIPTS	Statement of Affairs Estimated to Realise Value (£)	Fixed Charge (£)	Floating Charge (£)	Total (£)
Freehold property	460,000	460,000 00	-	460,000 00
Surplus brought forward	-	-	49,791 31	49,791 31
Furniture & equipment	300	-	300 00	300.00
Sundry refunds	-	-	406 39	406.39
Debtors	63,630	-	78,151 62	78,151 62
Cash at bank	6,463	-	6,463 19	6,463.19
Bank interest gross	-	-	2,041 63	2,041 63
	<u>530,393</u>	<u>460,000 00</u>	<u>137,154.14</u>	<u>597,154 14</u>

PAYMENTS

Agents' fees - fixed		10,155 50	-	10,155 50
Chargeholder		400,053 19	-	400,053 19
Surplus carried down		49,791 31	-	49,791 31
Accountancy fees		-	5,000 00	5,000 00
Preparation of Statement of Affairs		-	1,500 00	1,500 00
Book debt collection charges		-	5,511 49	5,511 49
Joint Administrators' remuneration		-	48,800 00	48,800 00
Joint Administrators' disbursements		-	458 15	458 15
Legal fees		-	20,051 81	20,051 81
Irrecoverable VAT		-	0 09	0 09
Agents' fees		-	243 10	243 10
Stationery & postage		-	3,293 93	3,293 93
Storage costs		-	375 14	375 14
Statutory advertising		-	138 51	138 51
Insurance of assets		-	4,201 71	4,201 71
Bank charges		-	85 72	85 72
		<u>460,000 00</u>	<u>89,659 65</u>	<u>549,659 65</u>
Balances in hand		<u>0 00</u>	<u>47,494 49</u>	<u>47,494 49</u>

MADE UP AS FOLLOWS

VAT receivable	662 75
Balance in hand	46,831 74
	<u>47,494 49</u>

APPENDIX 3

Sharptone Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 10 September 2007

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	14 90	15 50	2 30	50 90		83 60	16,326 50	195 29
General admin		13 00	8 50	60 10	2 00	83 60	9,413 00	112 60
Statutory meetings & reports	0 10	6 20	0 60	33 90		40 80	6,643 50	162 83
General correspondence	1 20	7 40	0 40	35 10	3 50	47 60	6,432 00	135 13
Fixed charge assets		13 30		13 80		27 10	5,634 00	207 90
Cashiering & accounting	1 70		6 10	23 10		30 90	4,955 00	160 36
Book debts	0 60	3 50		21 70		25 80	4,450 00	172 48
CDDA reports	0 20	5 10		27 80		33 10	4,080 00	123 26
Unsecured creditors			0 40	28 50		28 90	2,720 00	94 12
Investigations (inc antecedant transactions)				7 40		7 40	1,213 00	163 92
Employee matters				7 00		7 00	866 00	123 71
Preferential creditors				6 90		6 90	656 00	95 07
Floating charge assets		1 50		2 00		3 50	584 50	167 00
Proposals		0 50		3 60		4 10	499 00	121 71
Sale of business				4 20		4 20	441 00	105 00
Meetings		1 40				1 40	384 00	274 29
Statement of affairs				2 40		2 40	350 50	146 04
IPS set up & maintenance			0 20	0 20		0 40	71 00	177 50
Closings				1 00		1 00	70 00	70 00
Financial review		0 20				0 20	54 00	270 00
Total Hours	18.70	67.60	18 50	329 60	5 50	439 90	65,843 00	149 68
Total Fees Claimed (£)	6,655 00	18,355.50	2,555 50	38,167 00	110 00		65,843 00	

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 2007, excluding VAT

	£
Insolvency Practitioner Partners	370
Managers	225 - 285
Supervisors	145 - 210
Assistants/Support staff	20 - 110

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 2007, if we divide the fees charged by hours available by staff and partners, we achieved an average rate of remuneration of £69.25 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.

APPENDIX 4

JOINT ADMINISTRATORS' PROPOSALS

- 1 1 The Joint Administrators propose the following in respect of the Company:
- 1.1.1 The Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
 - 1 1 2 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, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
 - 1.1.3 To extend the Administration period if deemed necessary by the Joint Administrators, for a period of up to six months.
 - 1 1 4 Once all outstanding matters have been satisfactorily completed by the Joint Administrators, they will take the necessary steps to give notice to the Registrar of Companies to the effect that the Company has no property which might permit a distribution to the Company's creditors, at which stage the Administration will cease
 - 1.1.5 In the event that the Joint Administrators form the view that a distribution can be made to the Company's unsecured creditors to take the necessary steps to put the Company into Creditors' Voluntary Liquidation It is proposed that Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986 (as amended) the creditors may nominate a different person as the proposed Liquidator, provided such nomination is made before these proposals are approved
 - 1 1 6 That the Joint Administrators be authorised to instruct and pay Menzies Chartered Accountants to assist with corporation tax work, employee claims and any other matters the Joint Administrators deem necessary
 - 1 1 7 That the Joint Administrators be authorised to instruct and pay Active Receivables Management Limited to assist with the collection of book debts, where considered appropriate

APPENDIX 5

Proof of Debt – General Form

Sharptone Limited (In Administration)	
Date of administration 22 May 2006	
1	Name of creditor (If a company please also give company registration number)
2	Address of creditor for correspondence.
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration.
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)
5	If amount in 3 above includes outstanding uncapitalised interest please state amount
	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
7	Particulars of any security held, the value of the security, and the date it was given
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates
9	Signature of creditor or person authorised to act on his behalf _____
	Name in BLOCK LETTERS _____
	Position with or in relation to creditor _____
	Address of person signing (if different from 2 above) _____
For Administrators' Use only	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Administrator	Administrator