

The Insolvency Act 1986

Administrator's progress report

Name of Company Sharkey & Co Limited

Company number 00973918

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

Court case number 8573 of 2011

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

We (a)
Anthony Davidson
Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

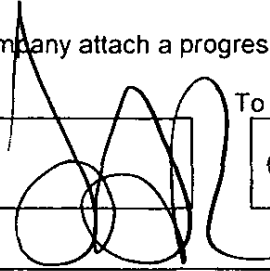
S B Ryman
Shipleys LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

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

(b) Insert date

From (b) 18 November 2012	To (b) 8 May 2013
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Signed


Joint / Administrator(s)

Dated

8 May 2013

THURSDAY



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QIQ 09/05/2013 #132
COMPANIES HOUSE

SHARKEY & CO LIMITED

Company Number: 00973918

JOINT ADMINISTRATORS FINAL REPORT TO MEMBERS AND CREDITORS PURSUANT TO RULE 2.118 OF THE INSOLVENCY RULES 1986

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SHARKEY & CO LIMITED (IN ADMINISTRATION)

Registered Number. 00973918

Registered Office: 10 Orange Street, Haymarket, London WC2H 7DQ

Court Name. High Court of Justice, Chancery Division, Birmingham District Registry

Court Number: 8573 of 2011

1 INTRODUCTION

I refer to the appointment of C Beighton and myself as Joint Administrators of the above named Company on 18 November 2011. For the purposes of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, both Mr C Beighton and I acted jointly and concurrently in respect of all actions taken.

I give notice that with effect from 24 July 2012 Anthony Davidson has been appointed Joint Administrator in place of the previous Joint Administrator Conrad Beighton. The appointment was made in accordance with an Order of Court dated 24 July 2012 made in the High Court of Justice, a copy of which can be viewed at the following weblink,

<http://www.shipleys.com/cr/block-transfer-court-order>

The purpose of the Administration has been achieved and the Administration will be moved to Dissolution.

This is a final progress report to the creditors of the Company pursuant to Rules 2.47 and 2.110 of the Insolvency Rules 1986 for the period from 18 November 2011 to 8 May 2013. This report should be read in conjunction with the Joint Administrators' previous progress reports to creditors and the report to creditors dated 6 January 2012 which outlined the proposals for the Administration.

2. RECEIPTS AND PAYMENTS ACCOUNT

Please find enclosed a receipts and payments account for the whole period of the Administration and a receipts and payments account for this reporting period from 18 November 2012 to 8 May 2013.

While the information contained on the receipts and payments account is largely self-explanatory I would comment specifically as follows:

2.1 Asset Realisations

Plant and Machinery

The Company had various machines at the date of Administration which were valued at £57,500 by MGR Appraisals Limited ("MGR"), independent valuers and agents.

As previously reported the plant and machinery was subject to a chattel mortgage with Sharkey Holdings Limited ("SHL") but this was subsequently proved to be invalid. However, this machinery was subject to a floating charge in favour of Mrs Sharkey.

It was agreed with Mrs Sharkey the position in relation to these assets would be reviewed by the Joint Administrators once all other assets in the Administration had been dealt with.

With realisations in the Administration not being in line with what was first estimated, funds received in the Administration were insufficient to make a 100p in the £ distribution to the preferential creditors. As a result the Administrator sought after Mrs Sharkey for the plant and machinery held under her floating charge.

MGR prepared a date desktop valuation of the assets in February 2013 and these were valued at £35,000.

The Administrators requested that Mrs Sharkey either put forward an offer for the machinery or delivered the machinery to the Administrators in order for them to sell the assets to a third party.

Mrs Sharkey's initial response was unreceptive and she later instructed solicitors to deal with the matter on her behalf, who stated their client would not be willing to pay any amount for the machinery as they believed Mrs Sharkey's charge granted a fixed security over the assets, which would result in the assets vesting with Mrs Sharkey and not the Administrators.

Solicitors, Sydney Mitchell were instructed by the Administrators to validate the charges set up against the Company and in particular the charge registered by Mrs Sharkey. It was concluded the charge represented a floating charge at best and the Administrators' claim was valid.

Despite the machinery being valued at £35,000, the total amount due to the preferential creditors was £25,609. In February 2013, all costs and expenses in the Administration were paid up to date and so the Administrators would have looked to realise a maximum of £25,609, the amount being due to the preferential creditors. Any amount collected above that would have to be paid back to Mrs Sharkey under her floating charge as a result of the preferential creditors being paid in full.

Despite the above, Mrs Sharkey and her solicitors continued to believe the security granted a fixed and floating charge over the plant and machinery in her favour.

It was concluded that given Mrs Sharkey's stance it would not be commercially viable to pursue the matter legally given the amounts involved.

The machinery has therefore been written off by the Administrators.

Office, Furniture and Equipment

SHL, a company with a common director, Mr P Sharkey, paid a sum of £3,000 for the Company's office furniture, computers and equipment.

This was in line with the Agents' valuation. I can confirm the funds were received in full on 1 May 2012.

No sums have been collected in this reporting period.

Motor Vehicles

At the date of Administration the Company had a Peugeot 3008 which was subject to finance. The vehicle was in the possession of a former sub-contractor who was claiming a lien over the vehicle for unpaid wages.

Subsequent to my appointment the finance company confirmed the amount of equity at a lower amount than what was expected at the date of Administration and so it was not cost effective for the Administrators to pursue the vehicle

WIP, Contracts and Retentions

You will recall the Joint Administrators appointed Acasta Consulting Limited ("the Agents"), to make necessary contact with all contract employers in order to collect any outstanding sums due on the accounts

At the date of Administration a figure in the region of £433,500 was seen to be realisable

The Administrators with the assistance of the Agents have collected a total sum of £114,000 during the Administration I can confirm the sum of £24,000 has been received in this reporting period

The main reason for the shortfall was due to a number of defects found on the majority of the sites that needed attending to which resulted in costs being incurred and therefore deducted from any original retention sum due to the Company

In most cases the amount being deducted was in excess of the Company's retention and therefore the Administrator were instructed to write off these claim by the Agents

Director's Loan Account

At the date of Administration the Company's books and records showed an overdrawn director's loan account in the sum of £72,880

The Administrators chased the relevant director for the sum involved and instructed the Solicitors to pursue the matter legally

However, subsequently to instructing the Solicitors, the relevant director declared himself bankrupt A Proof of Debt was submitted to the Official Receiver but the Administrators have been advised there will be no recoveries from the bankrupt's estate

Rates Refund

The sum of £2,272 91 has been received from Birmingham City Council in respect of overpaid business rates in February 2012

Bank Interest Gross

Bank interest totalling £35 95 has been received from funds held in the account opened specifically for receipts in the Administration A sum of £30 47 has been received in this reporting period

2 2 Payments

Petitioners Costs

A sum of £2,349 has been paid to the petitioning creditor in December 2012 in regards to the costs incurred by them when applying to Court for a Winding Up Petition to be ordered against the Company The Court ordered the sums must be

paid as an expense in the Administration and I can confirm these costs have been paid in full

Agent Fees

A sum of £4,800 has been paid to the Agents in this reporting period in relation to the collection of retentions I can confirm a total sum of £36,100 has been paid to the Agents in this regard These funds have been paid in full and no matters remain outstanding

A sum of £3,000 has been paid to MGR during the Administration in regards to the valuation and sale of the Company's plant and machinery, office equipment and motor vehicles The funds have been paid in full and no matters are outstanding

A sum of £300 has been paid to Alexander Forbes Trustee Services ("AFTS") during the Administration in regards to assisting the Administrators with winding up the Company pension scheme There are no outstanding matters in this regards

Legal Fees & Disbursements

The Solicitors have assisted the Joint Administrators since appointment on the following matters, obtaining appointment as Joint Administrator, checking the validity of the charges held by the secured creditors and assisting the Administrators with the collection of assets

A sum of £1,400 has been paid in this reporting period

A total sum of £11,150 has been paid to the Solicitors in relation to fees and a sum of £94 has been paid in relation to disbursements during the whole period of the Administration The Solicitors have confirmed no further costs are outstanding

Insurance of Assets

A sum of £583 has been paid to Willis Limited in relation to the insurance of the plant and machinery during the Administration

Following is a summary of the professional fees and other expenses which have been paid during the Administration and since the last progress report

Professional Advisors

Name	Nature of Work	Basis of Fee Arrangement
Acasta Consulting Limited	Quantity Surveyors	Commission on collection of debts
Sydney Mitchell	Solicitors	Time cost basis
MGR Appraisals Limited	Valuers and agents	Commission of sale
Alexander Forbes Trustee Services	Pension agents	Premium
Willis Limited	Insurers	Premium

The Joint Administrators' choice was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them

The Joint Administrators have reviewed the fees incurred to date and are satisfied that they are reasonable in the circumstances of the case

3. CREDITORS' CLAIMS

3.1 Secured Creditors

The Company granted charges to the following parties

Mrs Sharkey held a debenture in her named which granted a floating charge over the Company assets. This was created on 26 May 1993 and registered 27 May 1993. A sum of £63,164 remaining outstanding at the date of Administration.

At the date of Administration, AIB Group (UK) Plc ("AIB"), held a debenture over the Company's assets and confirmed a sum of £297,798 was still due. The charge was created on 15 April 1999 and registered on 29 April 1999. The debenture included a cross guarantee security over the Company's parent company, SHL.

Please note that subsequent to Administration, SHL satisfied AIB's liability in full and as a result have a subrogated claim in the Administration in the sum of £297,798.

At the date of Administration, a loan agreement with SHL was created on 15 July 2011 and registered on 30 July 2011, which included a charge over the plant and machinery of the Company. The validity of this loan agreement was reviewed by the Solicitors and it was confirmed that the agreement was invalid.

3.2 Preferential Creditors

The Company had thirty employees at the date of Administration who were all made redundant on 18 November 2011. The employees were paid their outstanding wages prior to my appointment however they have made claims in regards to outstanding holiday pay and it was estimated these claims would total £23,339. I can confirm since my appointment preferential creditor claims have been agreed and a part payment has been made on these amounts, which are summarised in the following table.

Preferential Creditors	Statement of Affairs amount £	Total value of claims received £	Total dividend paid £	Dividend rate £
The Insolvency Service	14,140.45	14,140.45	828.24	5.86p in £
Employees	9,198.55	11,468.67	671.76	5.86p in £
TOTAL	23,339.00	25,609.12	1,500.00	5.86p in £

3.3 Unsecured Creditors

Claims in the sum of £4,049,621 have been received from the unsecured creditors, which includes claims from HM Revenue and Customs for VAT and PAYE/NI of £248,206 and £133,653 respectively.

Due to the paucity of funds in the Administration there will be no dividend to the unsecured creditors.

3 4 Amounts available to creditors in respect of the prescribed part

Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must report on the amount of funds distributed to unsecured creditors in respect of the prescribed part. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003 and where it is estimated that the Company will have, after discharging the costs of the Administration and preferential creditors claims, net property exceeding £10,000.

The Company had not granted a floating charge to any creditor after the 15 September 2003, and consequently there is no prescribed part in this Administration.

4 EXTENSION OF ADMINISTRATION

I can confirm that with the consent of the preferential and floating charge creditors, the Administration was extended for a period of 6 months from 18 November 2012 until 17 May 2013, in order for the Administrators to deal with outstanding issues in the Administration.

5 JOINT ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

5 1 Pre Appointment Costs

Approval of the Joint Administrators' pre appointment costs totalling £11,636 and set out in the report to creditors containing the Proposals dated 6 January 2012 was obtained on 27 January 2012. These costs have been drawn in full.

5 2 Post Appointment Remuneration

Pursuant to the Insolvency Rules 1986, the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either

- (1) as a percentage of the value of the property with which he has to deal, or
- (2) by reference to the time properly given by the insolvency practitioner (as Administrator) and his staff in attending to matters arising in the Administration, or
- (3) as a set amount, and/or
- (4) as a combination of the above.

The Joint Administrators' remuneration has been approved on the basis of time properly spent in dealing with issues in the Administration by creditors on 27 January 2012.

To 8 May 2013, the Joint Administrators have drawn £47,847 in respect of remuneration as shown on the enclosed Receipts and Payments account.

I attach at Appendix 1 a schedule analysing the timecosts for the period under review which records the work undertaken. Timecosts totalling £7,400 have been incurred.

which represents a total of 56 hours and 26 minutes at an average charge out rate of £131 per hour

I further attach at Appendix 2 a schedule analysing the time costs for the Administration as a whole. Time costs totalling £48,457 have been incurred which represents a total of 317 hours at an average charge out rate of £152 per hour

For guidance, I enclose "A Creditors' Guide to Administrators' Fees", together with a document that outlines the policy of Shipleys LLP in respect of fees and disbursements. Since the approval of my remuneration on 27 January 2012, please note that the charge out rates of myself and my staff have changed. I would draw the attention of creditors to the historic charge out rate information contained in the policy document attached for further details

5.3 Post Appointment Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. We therefore report that the sum of £6,912 has been drawn and incurred in respect of category 1 disbursements as follows

Disbursement	Amount incurred this period £	Amount reimbursed £	Amount still to be reimbursed £
Advertising	76 50	76 50	0 00
Insurance	326 80	326 80	0 00
Company Searches	16 00	16 00	0 00
Postage	1,319 35	1,319 35	0 00
External Room Hire	293 00	293 00	0 00
Storage	4,880 64	4,880 64	0 00
TOTAL	6,912 29	6,912 29	0 00

Administrators may charge expenses for example photocopying and facsimile charges, mileage and room hire. Such expenses, which are attributable to cases, require the approval of the creditors before they can be drawn and these are known as category 2 disbursements. I can confirm that during the Administration category 2 disbursement expenses totalling £990, having previously been approved on 27 January 2012 have been drawn as follows

Disbursement	Amount incurred this period £	Amount reimbursed £	Amount still to be reimbursed £
Photocopying	977 30	977 30	0 00
Telephone and Fax	3 70	3 70	0 00
Mileage	9 90	9 90	0 00
TOTAL	990 90	990 90	0 00

I provide at the end of this report extracts from the Insolvency Rules 1986 setting out the rights of creditors to request further information under Rule 2.48A and/or challenge the remuneration and expenses within the Administration under Rule 2.109

6. SUMMARY OF THE JOINT ADMINISTRATORS' PROPOSALS

The Joint Administrators circulated their proposals for achieving the purpose of the Administration to creditors on 6 January 2012

The following proposals were approved by creditors without modification by a meeting by correspondence on 27 January 2012. The Administrators' proposals were deemed approved in accordance with Rule 2.33(5), a meeting of creditors not having been requisitioned by creditors in the prescribed manner

- a) Continue to manage the affairs of the Company and do all such things in order to achieve Objectives 2 & 3 of the statutory purpose for the Administration (see paragraph 5 above), being the realisation of assets in order to make a distribution to one or more secured or preferential creditors and to achieve a better result for the creditors than would be obtained through an immediate winding up of the Company,
- b) When the Joint Administrators deem it fit, take all steps necessary to settle outstanding Administration costs and place the Company into Liquidation,
- c) If funds become available to allow a distribution to unsecured creditors, the Company will move to Creditors' Voluntary Liquidation in accordance with Paragraph 83 of Schedule B1 of the Insolvency Act 1986,
- d) Should the Company enter Creditors Voluntary Liquidation then Conrad Beighton and Steve Ryman of Shipleys LLP, 10 Orange Street, Haymarket, London, WC2H 7DQ, be appointed Joint Liquidators of the Company for the purposes of such winding-up. Any act required to be taken by the Joint Liquidators can be undertaken by either one of them acting independently,
- e) Should there be insufficient assets to enable a distribution to unsecured creditors, to allow for further investigations to be conducted into the Company's affairs then the Administrators will take all steps necessary to petition for the Compulsory Liquidation of the Company,
- f) Should there be insufficient assets to enable a distribution to unsecured creditors and no need for further investigation, the Administrators will move the Company to dissolution in accordance with Paragraph 84 of Schedule B1 of the Insolvency Act 1986,
- g) Upon the appointment of Conrad Beighton and Steve Ryman as Administrators of the Company ceasing to have effect, they will be discharged from all liability in respect of any actions as Administrators,
- h) The basis of the Joint Administrators Pre Appointment cost of £11,636.00 be considered, if appropriate, agreed by either any Creditors' committee appointed or by the Creditors at the Meeting on 27 January 2012 or any subsequent Meeting convened for that purpose and be settled in full from the funds held in the Joint Administrators bank account

- i) The Joint Administrators be authorised to draw all outstanding Pre Appointment disbursements (including those as categorised in the revised Statement of Insolvency Practice 9, Category 2), in accordance with the rates of charge as detailed in the Shipleys LLP "Creditors Guide to Fees"
- j) The basis of the Joint Administrators' Post Appointment remuneration be considered and, if appropriate agreed by either any Creditors' committee appointed or by the Creditors at the Meeting on 27 January 2012 or any subsequent Meeting convened for that purpose and in the event that a Creditors committee is not appointed, agreed by reference to the time spent by them and their staff in the conduct of the Administration in accordance with the Shipleys LLP "Creditors Guide to Fees",
- k) The Joint Administrator be authorised to draw all Post Appointment, as well as future disbursements (including those as categorised in the revised Statement of Insolvency Practice 9, Category 2), in accordance with the rates of charge as detailed in the Shipleys LLP "Creditors Guide to Fees"

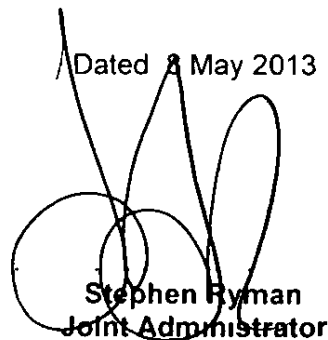
7. CONCLUSION

The outcome of the Administration has been the realisation of Objectives 3 of the purpose of Administration The 3rd objective is realising property in order to make a distribution to one or more secured or preferential creditors In this instance a payment was made to the preferential creditors from realisations of the Company assets in the Administration Due to the paucity of funds no further distributions were made

In accordance with the resolutions above and pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators will move the Administration to Dissolution by filing Form 2 35B "Notice of Move from Administration to Dissolution" at Companies House A copy of this form is attached for information purposes and has been sent to Companies House for registration

Should you have any queries in relation to this matter please contact Farris Kadik of this office

Dated 8 May 2013



Stephen Ryman
Joint Administrator

In accordance with Paragraph 45 of Schedule B1 of the Insolvency Act 1986 ("the Act") I give notice that the affairs, business and property of the Company are being managed by the Joint Administrators Pursuant to Paragraph 69 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators act as agents of the Company and without personal liability

Anthony Davidson and Robert Smales are licensed by the Insolvency Practitioners Association and Stephen Ryman is licensed to act as an insolvency practitioner by the Association of Chartered Certified Accountants

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2 48A Creditors' request for further information

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2 47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,
makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that -
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator, is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued).-

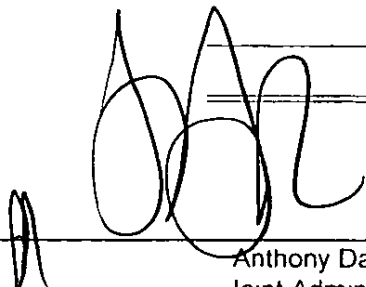
Rule 2 109 (continued)

- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly.
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

Sharkey & Co Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 18/11/2012 To 08/05/2013	From 18/11/2011 To 08/05/2013
SECURED ASSETS		
57,500 00	NIL	NIL
Plant & Machinery	NIL	NIL
HIRE PURCHASE		
(63,164 00)	NIL	NIL
Mrs ET Sharkey Debenture	NIL	NIL
(297,798 00)	NIL	NIL
AIB Group (UK) Plc	NIL	NIL
(112,500 00)	NIL	NIL
Sharkey Holdings Limited	NIL	NIL
ASSET REALISATIONS		
3,000 00	NIL	3,000 00
Office Furniture & Equipment	NIL	NIL
4,400 00	NIL	NIL
Motor Vehicles	24,000 00	114,000 00
433,500 00	NIL	NIL
WIP Contracts and Retentions	NIL	NIL
72,880 90	NIL	2,272 91
Directors Loan Account	30 47	35 95
Rates Refund	24,030 47	119,308 86
Bank Interest Gross		
COST OF REALISATIONS		
	2,349 95	2,349 95
Petitioners Costs	NIL	11,636 00
Pre Appointment Remuneration	NIL	119 30
Pre Appointment Disbursements	28,080 21	47,847 67
Joint Administrators' Remuneration	1,756 67	7,903 19
Joint Administrators' Disbursements	4,800 00	36,100 00
Agents/Valuers Fees (1)	1,400 00	11,150 00
Legal Fees	NIL	94 00
Legal Disbursements	NIL	583 00
Insurance of Assets	25 75	25 75
Bank Charges	(38,412 58)	(117,808 86)
PREFERENTIAL CREDITORS		
	540 36	540 36
DE Arrears & Holiday Pay	828 24	828 24
(23,339 33)	131 40	131 40
Employee Arrears/Hol Pay	(1,500 00)	(1,500 00)
Advances of Wages		
UNSECURED CREDITORS		
(2,336,368 29)	NIL	NIL
Trade & Expense Creditors	NIL	NIL
(144,622 48)	NIL	NIL
Employees	NIL	NIL
(17,000 00)	NIL	NIL
Landlord	NIL	NIL
(70,458 71)	NIL	NIL
HMRC (PAYE/NI)	NIL	NIL
(50,000 00)	NIL	NIL
HMRC (VAT)		
DISTRIBUTIONS		
(7,280 00)	NIL	NIL
Ordinary Shareholders	NIL	NIL
	NIL	NIL
(2,551,249.91)	(15,882.11)	(0.00)

REPRESENTED BY



Anthony Davidson
Joint Administrator

Shipleys LLP
10 Orange Street, Haymarket, London WC2H 7DQ

CREDITORS' GUIDE TO FEES
EFFECTIVE FROM 1 JANUARY 2013
CHARGE-OUT RATES

Staff Allocation and Support Staff

An objective and practical approach is taken to each case which includes active Principal involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Set out below are the relevant charge-out rates per hour worked for the grades of all staff. Time is charged by reference to actual work carried out on each assignment. There has been no allocation of any general or overhead costs.

Grade	Charge-out rate (£ per hour) plus VAT where applicable
Principal*	450 - 480
Manager	240 - 325
Assistant Manager	230 - 240
Senior Administrator	220 - 235
Administrator	125 - 185
Assistant & Cashier	110 - 260

* or equivalent

NB Time costs are calculated at 6 minute units

The time of support staff is not charged to a case except when the initial set up is being performed and appointment documentation is prepared. Support staff will also occasionally charge their time when performing a sizeable administrative task within the case. Support staff charge their time at the £110/hr Assistant rate shown on the preceding table.

Specialist departments with the firm such as Tax and VAT may sometimes charge their time if and when the Office Holders may require their expert advice. The figures below provide details of the charge-out rates per hour worked for typical staff involved in this way.

Grade	Charge-out rate (£ per hour) plus VAT where applicable
Tax Principal*	300-400
Tax Manager	250
Tax Practitioner	200
Tax Assistant	145

Details of historic charge out rates in respect of the London office are provided at the end of this guide. Should any creditor wish to receive details of the charge out rates for the London office in force prior to those shown, these can be provided upon request.

DISBURSEMENTS

Category 1 Disbursements

These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. Examples of equivalent costs that may be reimbursed to the office holders without uplift and do not require prior approval are given below.

Category	Basis of Charge
Indemnity Bond	At cost of mandatory cover required in accordance with the Insolvency Act 1986 for each appointment
Insurance of assets	At cost in relation to asset coverage requirements
Company searches	At cost incurred
Travel	All forms other than mileage at actual cost
Room Hire	All external venues at actual cost
Stationery	At cost incurred
Storage	Charge at actual cost incurred for storage (and retrieval, when appropriate) of records
Other	At actual cost charged

Category 2 Disbursements

These are costs that are directly referable to the appointment in question but not to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. In the event of charging for Category 2 disbursements the following items of expenditure are recharged on the basis specified.

Category	Basis of Charge
Business Mileage	Motor vehicle at 40p per mile
Internal Room Hire	Held at Shipleys LLP, 10 Orange Street, Haymarket, London WC2H 7DQ £50
Photocopying	Specific calculation of 25 pence per sheet x number of creditors
Facsimiles	£1 for 1 st page and 10 pence for each additional page

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holder or his staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery or relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

LONDON OFFICE - HISTORIC CHARGE OUT RATES - 1 APRIL 2007 ONWARDS

	01/04/07-31/12/07	01/01/08-31/12/08	01/01/09-31/12/09	01/01/10-31/12/10	01/01/11-31/12/11	01/01/12-31/01/12
	Charge-out rate (£ per hour) plus VAT where applicable					
Principal*	360-370	375	395	395-445	410-460	460
Director	n/a	340	355	375-400	n/a	n/a
Manager	285-300	300	300	245-270	280	300-325
Assistant Manager	200-220	222	180-228	180-250	260	n/a
Senior Administrator	160-210	175-210	140-190	175-220	200-225	210-230
Administrator	110-155	127-165	100-165	75-155	85-160	125-170
Assistant & Cashier	50-95	50-100	50-215	50-240	99-245	100-245

	01/02/12-30/04/12	01/05/12-31/07/12	01/08/12-31/12/12
	Charge-out rate (£ per hour) plus VAT where applicable		
Principal*	460	400-480	400-480
Director	n/a	n/a	n/a
Manager	300-325	300-325	230-325
Assistant Manager	n/a	n/a	n/a
Senior Administrator	210-230	210-230	210-230
Administrator	125-170	125-170	125-170
Assistant & Cashier	100-250	100-250	100-250

* or equivalent

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES**ENGLAND AND WALES**

1 Introduction

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

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

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

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

3 The creditors' committee

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed

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

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

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the

committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

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

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

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

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

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company, and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is 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 Review of remuneration

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

6 Approval of pre-administration costs

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

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency

practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

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

7 What information should be provided by the administrator?

7.1 When seeking remuneration approval

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

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

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

- 7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (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

7 1 4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff

7 2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8 1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 7 1 3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7 1 4 above regarding work which has been sub-contracted out.

7 3 Disbursements and other expenses

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

8 Progress reports and requests for further information

8 1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include

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

during those periods, irrespective of whether payment was actually made during the period of the report,

- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court

8 3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

9 Provision of information – additional requirements

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office

10 What if a creditor is dissatisfied?

10 1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court

10 2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8 1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

12 Other matters relating to remuneration

12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.

12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13 Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date