

The Insolvency Act 1986

Administrator's progress report

Name of Company
Ashpol plc

Company number
00104394

In the
High Court of Justice, Chancery Division

Court case number
2756 of 2012

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

We (a) Mark Robert Fry and Kirstie Jane Provan both of Begbies Traynor (Central) LLP, 32 Cornhill
London, EC3V 3BT

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

(b) Insert dates

from

to

(b) 28 March 2012

(b) 27 September 2012

Signed

Joint Administrator

Dated

23/10/12

Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP

32 Cornhill, London, EC3V 3BT,

Tel Number 020 7398 3800

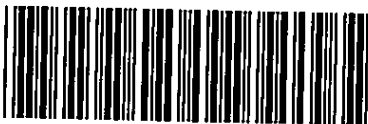
Fax Number 020 7398 3799 (Fax)

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27/10/2012

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COMPANIES HOUSE

SATURDAY



The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

Ashpol plc (In Administration)

Progress report pursuant to Rule 2.47 of the
Insolvency Rules 1986

Period: 28 March 2012 to 27 September 2012

Important Notice

This progress report has been produced to comply with our statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Ashpol plc (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 28 March 2012
"the administrators" "we" "our" and "us"	Mark Robert Fry and Kirstie Jane Provan both of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Group"	Ashpol Plc, Ashpol (Bristol) Limited, Ashpol (Ipswich) Limited, Ashpol (Wellheads) Limited, Ashpol (Huddersfield) Limited, Goldacre (Offices) Limited and Vasella Holdings Limited
"Goldacre"	Goldacre (Offices) Limited
"the Charging Subsidiaries"	Ashpol (Bristol) Limited, Ashpol (Ipswich) Limited, Ashpol (Wellheads) Limited, Ashpol (Huddersfield) Limited, Goldacre (Offices) Limited and Vasella Holdings Limited
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986
"Portfolio Buyers"	<ul style="list-style-type: none">(i) Tiga Properties Limited, a company incorporated in Gibraltar with registered number 106829,(ii) Huddersfield Properties Limited, a company incorporated in Guernsey with registered number 54211,(iii) Wellheads Properties Limited, a company incorporated in Guernsey with registered number 54207, and(iv) The Trustees of the Rachel Chantable Trust, a charity registered in England and Wales with registered number 638223865
"Standstill Period"	Means the period from 31 December 2009 until 30 June 2011

"the Stockholders"

The holders of the Company's Stock

"the Trustees"

Law Debenture Trustees Limited (formerly known as Eagle Star Trust Company Limited)

2. COMPANY INFORMATION

Trading name	Ashpol Plc
Date of Incorporation	31 July 1909
Company registered number	00104394
Former registered office	3 rd Floor, 5 Wigmore Street, London, W1U 1PB
Trading address	3 rd Floor, 5 Wigmore Street, London, W1U 1PB
Principal business activities	Development & sell real estate

Directors and details of shares held in the Company (if any)	<u>Name</u>	<u>Shareholding</u>
	Mr Maunce Moses Benady	Nil
	Trafalgar Officers Limited	Nil
	Christopher George White	Nil

	<u>Name</u>	<u>Shareholding</u>
<i>Company Secretary and details of the shares held in Company (if any)</i>		
	F & C REIT (Corporate Services) Limited	Nil

Auditors	BDO LLP, 55 Baker Street, London W1U 7EU
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Share capital	73,783,745 - Ordinary 10p Shares 39,569,187 - 5 75% Convertible Cumulative Redeemable Shares and 1,061,600 – 100% Cumulative Preference Shares
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Shareholders	Unknown
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Company registered office	32 Cornhill, London, EC3V 3BT
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3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment	28 March 2012
Date of administrators' resignation	N/A
Court	High Court of Justice
Court Case Number	2756 of 2012
Person(s) making appointment / application	The directors of the Company
Acts of the administrators	The Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (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) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. PROGRESS DURING THE PERIOD

This report should be read in conjunction with the joint administrators' proposals issued to the Company's creditors on 30 May 2012.

Sale Agreement of the Group's property portfolio

As reported within the joint administrators' proposals, the Company's loan stock had been secured against properties legally owned by its subsidiaries, as detailed below

- Goldacre (Offices) Limited - North West side of London Road, Harlow, Essex
- Ashpol (Bristol) Limited - Union Business Park, Bristol
- Ashpol (Ipswich) Limited - Celsius House, Ipswich
- Ashpol (Wellheads) Limited - Wellheads Industrial Estate Aberdeen
- Ashpol (Huddersfield) Limited - Folly Hall, Huddersfield
- Vasella Holdings Limited - City Gate, Nottingham

Collectively, with the exception of the North West side of London Road, Harlow, Essex ("the Harlow Site") (see below), these properties are referred to as the "Portfolio Properties"

One of the properties charged in favour of the Stockholders, the Harlow Site, had been owned by Goldacre (Offices) Limited, a subsidiary of the Company

On 28 March 2012, following the appointment of the Joint Administrators, two separate conditional property sale agreements, the Harlow Sale Agreement and the Portfolio Properties Sale Agreement, were entered into in relation to the proposed sale of the Harlow Site to Harlow Properties Limited and the proposed sale of the Portfolio Properties to the Portfolio Buyers respectively

The consideration payable by Harlow Properties Limited and the Portfolio Properties' Buyers under the agreements is £50 million in aggregate. As reported previously, the aggregate consideration represented a premium of 38% above the aggregate valuation of the Harlow Site and Portfolio Properties as set out in DTZ Debenham Tie Leung Limited's ("DTZ") Valuation. The Portfolio Properties sale completed on 4 May 2012 and the sale of the Harlow Site completed on 6 June 2012

A meeting of bondholders held on 2 May 2012, the proposed sales of the Company's property portfolio were ratified. The following resolutions were passed in respect of the sale of the properties

The Trustee hereby approves the terms of

- (a) the contract for the sale and purchase of land and buildings on the north west side of London Road, Harlow entered into on 28 March 2012 between (1) Goldacre (Offices) Limited (in administration) ("Goldacre"), (2) the Administrators and (3) Harlow Properties Limited (in the form presented to the meeting), and*
- (b) the contract for the sale and purchase of a portfolio of properties comprising Unicorn Business Park Whitby Road Brnsington Bristol BS4 4EX, Land and Buildings lying to the North of Queensdale Close Ipswich, Wellheads Industrial Estate Wellheads Drive Dyce Aberdeen, Land and Buildings on the North West side of Foley Hall Huddersfield and City Gate Tollhouse Hill Nottingham NG1 5FS entered into on 28 March 2012 between (1) Ashpol (Wellheads) Limited (in administration), Ashpol (Bristol) Limited (in administration), Ashpol Huddersfield Limited (in administration), Ashpol (Ipswich) Limited (in administration), Vasella Holdings Limited (in administration), (2) the Administrators and (3) Huddersfield Properties Limited, Tiga Properties Limited, Wellheads Properties Limited and the Trustee of the Rachel Chantable Trust (in the form presented to the meeting), (together being the "Property Sale Agreements") and sanctions, authorises, directs, instructs, requests and empowers the Trustee to give consent on behalf of the Stockholders to the sale of certain Mortgaged Property (as defined in the Trust Deed) under the Property Sale Agreements*

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 28 March 2012 to 27 September 2012 ("the Account"). The joint administrators' comments on the items appearing in the Account are detailed below. Please note that the amounts shown are exclusive of VAT.

RECEIPTS

Payment on Account from Finch

During the period an amount of £400,000 has been received from Finch in respect of an advance against the anticipated costs and expenses of the administrations of the Group.

(Gross) Bank Interest

An amount of £44 has been received during the period in relation to bank interest.

PAYMENTS

Joint Administrators' Pre-Appointment fees

In accordance with the consent of the Bondholders and Creditors, an amount of £41,177 plus VAT has been paid to the joint administrators in respect of fees incurred prior to their appointment. (This is dealt with in more detail below in section 6).

Joint Administrators' Fees and Disbursements

Amounts of £95,250 plus VAT and £92 plus VAT have been drawn by the joint administrators in relation to post appointment fees relating to the sale of the Group's properties, the conduct of the Group administrations and disbursements respectively. (This is dealt with in more detail below in section 7).

Legal Fees and Disbursements

Legal fees and disbursements totalling £71,018 plus VAT and £3,084 plus VAT respectively, has been paid to Clyde & Co LLP (Solicitors) in respect of their fees specifically attributable to dealing with the sale of the Group's properties and their pre-administration time costs (£33,990.50 plus VAT), as agreed at the initial meeting of creditors (see below).

Stationary and Postage

An amount of £6,336.28 plus VAT has been paid to the Imprima UK Limited in respect of photocopying and postage charges incurred in the administrations of the Group.

Statutory Advertising

During the period an amount of £912 plus VAT has been paid in respect of statutory advertising costs for the Group.

5. ESTIMATED OUTCOME FOR CREDITORS

Secured creditors

Law Debenture Trustees Limited

On 6 December 1985, the Company issued £75million of 10.75% first mortgage debenture stock which is constituted by the Trust Deed between, among others, the Company and its Trustee, Law Debenture Trustees Limited (formerly known as Eagle Star Trust Company)

Following the completion of the Sales and the release of both the Portfolio Properties and the Harlow Site, two distributions totalling £50million were paid to the Trustee to hold on trust for the Stockholders as an initial and partial repayment for the Stock in accordance with the provisions of the Trust Deed. This has resulted in a payment of an amount of approximately £0.66 (less any applicable costs and expenses of the Trustee) for each £1.00 in nominal value of the Stock.

To the extent that the aggregate amount paid to Stockholders upon completion of the Sales (inclusive of any additional amount payable in respect of the Nortel Claims pursuant to the Harlow Sale Agreement) is less than the total amount due to Stockholders from the Company, the Stockholders will have a claim as unsecured creditors for the outstanding amounts owed to them from the Group.

The Group does not have any material assets and, save to the extent that there are other as yet unidentified material assets which are subject to the Trust Deed, the Stockholders shall rank *par passu* with other unsecured creditors in respect of any outstanding amounts owed by the Company to Stockholders.

Preferential creditors

The joint administrators are not aware that the Company had any employees and therefore, there are no known preferential creditors.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where a company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the company's net property. The *prescribed part of the company's net property* is calculated by reference to a statutory scale as follows:

- ☐ 50% of the first £10,000 of *net property*,
- ☐ 20% of *net property* thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

As detailed above, should there be a shortfall to the Stockholders following completion of the Sales (inclusive of any additional amount payable in respect of the Nortel Claims pursuant to the Harlow Sale Agreement), the Stockholders will have a claim as unsecured creditors for the outstanding amounts owed to them from the Company and the Charging Subsidiaries. Based upon present information, this seems likely. Consequently, we are unable to determine the quantum of unsecured claims against the Company at this juncture.

The prospect of a distribution to unsecured creditors is wholly dependent upon the level of realisations achieved from any recoveries made through the Company's outstanding book debts and the Nortel Claims, subject to the prior claims of the Trustee under the terms of the Trust Deed. The Joint Administrators' investigations into prior acts and dealings of the Company may result in funds for unsecured creditors but this is uncertain at this time.

Creditors should note that they might be eligible to obtain VAT bad debt relief on their debt six months after the date of supply or payment date if later, providing they have written the debt off in their accounts. The procedure does not involve the Joint Administrators and claims should be made directly to HM Revenue and Customs.

6. PRE-ADMINISTRATION COSTS

On 6 December 2010, Begbies Traynor (Central) LLP ("Begbies Traynor") was engaged by the directors of the Group to undertake an Independent Business Review of the Company. Fees totalling £15,000 plus VAT were paid by the Company in respect of this review.

Negotiations between the Group and the Trustee for the disposal of the Group's Property Portfolio continued during 2011, following the expiry of the Standstill Period. Begbies Traynor remained apprised of these negotiations.

In the weeks prior to administration, Begbies Traynor liaised with Clyde & Co, in respect of the preparation of the sale documentation for the disposal of the Group's Property Portfolio. Begbies Traynor also liaised with the ABI Committee and Trafalgar in relation to the negotiation of the sale. This work was necessitated to ensure that a higher return to the Stockholders was achieved by the sale of the Group's Property Portfolio.

Total pre-administration time costs amounted to £130,130 plus VAT. At the date of administration, the outstanding balance totalled £35,130. At the Company's meeting of creditors held on 2 May 2012, the creditors resolved that these costs be paid as an expense of the administration.

In addition, pre-administration disbursements totalled £75,896.85 plus VAT. This amount comprised of Clyde & Co's fees and has been settled in full by the Company prior to administration.

At the date of administration, Clyde & Co had unbilled pre-administration time costs of £33,990.50 plus VAT and unbilled disbursements of £40.45 plus VAT. In addition, HBJ Gateley (solicitors specialising in Scottish property law) had outstanding time costs of £1,320 plus VAT. At the Company's meeting of creditors held on 2 May 2012, the Company's creditors resolved that these costs be paid as an expense of the administration.

7. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 28 March 2012 to 27 September 2012 amount to £105,462 which represents 321 80 hours at an average rate of £327 73 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 28 March 2012 to 27 September 2012
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date, we have drawn the total sum of £95,250 plus disbursements of £92 on account

Subsidiary pre-administration costs

The Joint Administrators are seeking a resolution from creditors in respect of the pre-administration costs of the Company's subsidiaries' administrations, totalling £10,320 plus VAT (detailed below), be discharged from the estate of the Company, as there are no funds in the individual estates to do so

	£
Ashpol (Bristol) Limited	1,720
Ashpol (Ipswich) Limited	1,720
Ashpol Wellheads Limited	1,720
Ashpol (Huddersfield) Limited	1,720
Goldacre (Offices) Limited	1,720
Vasella Holdings Limited	1,720
Total	10,320

Creditors of the relevant estates have already resolved that the pre-administration costs be paid from the respective estates. However, based on current information, the individual subsidiary companies hold no funds to settle these costs and consequently, the Joint Administrators are seeking the approval of the following resolution

"That the costs incurred by each proposed Joint Administrator (now Joint Administrators) of Ashpol Plc's subsidiary undertakings namely Ashpol (Bristol) Limited, Ashpol (Ipswich) Limited, Ashpol Wellheads Limited, Ashpol (Huddersfield) Limited, Goldacre (Offices) Limited and Vasella Holdings Limited, be discharged from the estate of Ashpol Plc, as there are no funds in the individual estates to do so "

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

9. ASSETS THAT REMAIN TO BE REALISED

Nortel Claims

As reported previously, Nortel Networks UK have defaulted on two leases in relation to the Harlow Site. Consequently, Goldacre has a claim in the administration of Nortel Networks UK and Nortel Networks ("the Nortel Claims"). The Harlow Sale Agreement provides that the Harlow Buyer shall maintain the Nortel Claims on Goldacre's behalf

There is currently no certainty whether any amounts will be received by the Harlow Buyer in respect of the Nortel Claims or the Nortel Leases and therefore there can be no certainty that there will be any such amount payable by the Harlow Buyer to Goldacre pursuant to the Harlow Sale Agreement, nor can there be any certainty as to a likely time of receipt of any such payment

It should also be noted that the prospects of success of the Nortel Claims or any distribution from any administrator or liquidator of Nortel Networks UK and of the surrender premium or arrears in respect of the Nortel Leases becoming payable are unclear and, even if successful, it is unclear what dividend, surrender premium, distribution or arrears (if any) will be payable in respect of the Nortel Claims, as Nortel Networks UK is in administration and is currently subject to legal proceedings involving the Pensions Regulator

As at 27 March 2012, a total of £80,124,105.06 was owed to Goldacre by Nortel Networks UK

Investigations

We are currently undertaking investigations into the manner in which the business was conducted prior to the administration and any potential recoveries for the estate in this respect. Our investigations are yet to be concluded and we cannot report further at this juncture

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. The joint administrators can confirm that their duties in this respect have been discharged

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report

Right to make an application to court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate

12. CONCLUSION

The Joint Administrators are seeking a postal resolution that the pre-administration costs of the Company's subsidiaries' administrations be discharged the Company, in accordance with the Notice of conduct of business by correspondence (Form 2 25B), accompanying this document

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner



Kirstie Provan
Joint Administrator

Dated 23/10/12

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 28 March 2012 to 27 September 2012

Ashpol Plc (In Administration)
Joint Administrators' Abstract of Receipts & Payments
From 28 March 2012 to 27 September 2012

		£	£
S of A (£)	ASSET REALISATIONS		
	Payment on account from Finch	400,000 00	
	Bank Interest Gross	43 80	
22 00	Cash at Bank	0 00	
57,553 00	Debtors	0 00	
			<u>400,043 80</u>
	COST OF REALISATIONS		
	Joint Administrators' Pre-Appointment fees	41,177 00	
	Joint Administrators' Fees	95,250 00	
	Joint Administrators' Disbursements	91 56	
	Legal Fees	71,018 00	
	Legal Disbursements	3,084 12	
	Stationery & Postage	6,336 28	
	Statutory Advertising	912 00	
			<u>(217,868 96)</u>
			<u>182,174 84</u>
	REPRESENTED BY		
	Vat Receivable		42,306 54
	Current account		139,868 30
			<u>182,174.84</u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 28 March 2012 to 27 September 2012

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDERS' FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £150 per meeting.
- Car mileage is charged at the rate of 45 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows

Grade of staff	£
Partner	495
Director	395
Senior Manager	365
Manager	315
Assistant Manager	270
Senior Administrator	235
Administrator	185
Trainee Administrator	160
Support	160

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Ashpol plc
CASE TYPE	Administration
OFFICE HOLDERS	Mark Robert Fry and Kirstie Jane Provan
DATE OF APPOINTMENT	28 March 2012

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The Company's loan stock is secured against six properties legally owned by its subsidiaries. Matters have proved complicated due to the ongoing negotiations with the Trustee, on behalf of its Stockholders, for the sale of the Property Portfolios

1.3 Exceptional responsibilities

Due to the nature of the assignment it has been necessary for the Joint Administrators to instruct solicitors, Clyde & Co, to assist with the sale agreements of the Group's Property Portfolio

1.4 The office holders' effectiveness

On 28 March 2012, following the appointment of the Joint Administrators, two separate conditional property sale agreements, the Harlow Sale Agreement and the Portfolio Properties Sale Agreement, were entered into in relation to the proposed sale of the Harlow Site to Harlow Properties Limited and the proposed sale of the Portfolio Properties to the Portfolio Buyers respectively. At a meeting of the Stockholders on 2 May 2012, the two sales were approved and have been completed

The consideration received from Harlow Properties Limited and the Portfolio Properties' Buyers under the agreements was £50 million in aggregate. Accordingly, the aggregate consideration represents a premium of 38% above the aggregate valuation of the Harlow Site and Portfolio Properties as set out in a valuation undertaken prior to the administration by DTZ Debenham Tie Leung Limited

1.5 Nature and value of property dealt with by the office holders

The Company's loan stock is secured against properties legally owned by its subsidiaries, as detailed below:

- Goldacre (Offices) Limited - North West side of London Road, Harlow, Essex
- Ashpol (Bristol) Limited - Union Business Park, Bristol
- Ashpol (Ipswich) Limited - Celsius House, Ipswich
- Ashpol (Wellheads) Limited - Wellheads Industrial Estate Aberdeen
- Ashpol (Huddersfield) Limited - Folly Hall, Huddersfield
- Vasella Holdings Limited - City Gate, Nottingham

These properties were disposed of for an aggregate consideration of £50 million, as approved by the Company's Stockholders,

There is also a claim against Nortel Networks UK for £12,092,278. Pursuant to the terms of the Harlow Sale Agreement, the Harlow Buyer must, for a period of 12 months following the date of the Harlow Sale Agreement, maintain the Nortel Claims on Goldacre's behalf, and use reasonable endeavours to obtain a surrender of the Nortel Leases. Any payment of arrears or surrender premium shall be accepted on behalf of Goldacre and an equivalent amount will be paid to Goldacre within 10 working days of receipt of such funds (less any reasonable costs and expenses and proper payments of tax incurred by the Harlow Buyer in relation to the process). Goldacre will pay on such funds received to the Trustee to hold on trust for the Stockholders.

16 Anticipated return to creditors

Secured creditors

Law Debenture Trustees Limited

On 6 December 1985, the Company issued £75 million of 10.75% first mortgage debenture stock which is constituted by the Trust Deed between, among others, the Company and its Trustee, Law Debenture Trustees Limited (formerly known as Eagle Star Trust Company).

Following the completion of the Sales and the release of both the Portfolio Properties and the Harlow Site, two distributions totalling £50 million were paid to the Trustee to hold on trust for the Stockholders as an initial and partial repayment for the Stock in accordance with the provisions of the Trust Deed. This has resulted in a payment of an amount of approximately £0.66 (less any applicable costs and expenses of the Trustee) for each £1.00 in nominal value of the Stock.

To the extent that the aggregate amount paid to Stockholders upon completion of the Sales (inclusive of any additional amount payable in respect of the Nortel Claims pursuant to the Harlow Sale Agreement) is less than the total amount due to Stockholders from the Company, the Stockholders will have a claim as unsecured creditors for the outstanding amounts owed to them from the Group.

The Group does not have any material assets and, save to the extent that there are other as yet unidentified material assets which are subject to the Trust Deed, the Stockholders shall (subject to the terms of the Deed of Subordination) rank *pari passu* with other unsecured creditors in respect of any outstanding amounts owed by the Company to Stockholders.

Preferential creditors

We are not aware that the Company had any employees and therefore, there are no known preferential creditors.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

As detailed within the report, should there be a shortfall to the Stockholders following completion of the Sales (inclusive of any additional amount payable in respect of the Nortel Claims pursuant to the Harlow Sale Agreement), the Stockholders will have a claim as unsecured creditors for the outstanding amounts owed to them from the Company and the Charging Subsidiaries. Based

upon present information, this seems likely. Consequently, we are unable to determine the quantum of unsecured claims against the Company at this juncture.

The prospect of a distribution to unsecured creditors is wholly dependent upon the level of realisations achieved from any recoveries made through the Company's outstanding book debts and the Nortel Claims, subject to the prior claims of the Trustee under the terms of the Trust Deed. The Joint Administrators' investigations into prior acts and dealings of the Company may result in funds for unsecured creditors but remain uncertain at this time.

1.7 Time costs analysis

An analysis of time costs incurred between 28 March 2012 and 27 September 2012 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

1.8 The views of the creditors

The Joint Administrators have notified all known creditors and Stockholders of the administration. A meeting of creditors was held on 2 May 2012, following an EGM of the Company's Stockholders.

1.9 Approval of fees

The Joint Administrators' remuneration has been fixed under Rule 2.106 of the Rules by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly rates of Begbies Traynor in attending to matters arising in the administration. This resolution was passed at the creditors meeting held on 2 May 2012.

1.10 Approval of Expenses and Disbursements

The Joint Administrators' disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) has been approved at the creditors meeting on 2 May 2012.

1.11 Other professionals employed & their costs

The Joint Administrator's Solicitors, Clyde & Co, are acting on behalf of the joint administrators in relation to the sale of the Group's Properties. They have been instructed on a time cost basis. To date, fees and disbursements totalling £71,018 plus VAT and £3,084 plus VAT respectively have been paid during the administration.

All paid costs have been reviewed for reasonableness prior to payment.

3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

The following work has been carried out since our last report:

- All administration banking requirements,
- All insurance requirements over the Company's assets,
- Enquiries from creditors and stockholders,
- Internal case strategy meetings,
- Preparation of the joint administrators' progress reports,
- Holding meeting of the Company's creditors,
- Holding meeting of the Company's Stockholders,
- Completed two separate conditional property sale agreements in relation to the sale of the Harlow Site to Harlow Properties Limited and the proposed sale of the Portfolio Properties to the Portfolio Buyers respectively,
- Made the relevant submissions to HM Revenue and Customs,
- Investigated the Company's pre-administration trading positions,

- Investigated the conduct of the Company's directors and made a submission to the Department of Business, Innovation and Skills as required under Company Directors Disqualification Act 1986,
- Compliance reviews,
- Reported to the Company's bondholders,
- Considered the Company's tax position and whether tax losses have value

Staff Grade	Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration and Planning	28.6	2.8				14.6				46.00	18 694.00	406.39
	14.2	18.4				64.3	0.2	19.4	7.7	124.20	33 780.50	271.98
	7.5	2.6				4.1		3.1		17.30	6 199.00	358.32
Investigations	19.0	5.1		2.4	2.2	17.2				45.90	16 811.50	366.26
Realisation of assets												
	9.0	4.0				9.6				22.60	8 291.00	366.86
Trading												
Creditors	0.5									0.50	247.50	495.00
	1.0	0.6				14.3				15.90	4 092.50	257.39
Other matters	10.5					3.0				13.50	5 902.50	437.22
						0.1				0.10	23.50	235.00
						18.0		0.6		32.90	9 935.00	302.90
										3.00	1 485.00	495.00
		3.0										
Total hours by staff grade												
Total time cost by staff grade £												105 462.00
Average hourly rate £												327.73
Total fees drawn to date £												

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Taxi Fares	Various	45 00	45 00	-
Postage Costs	Royal Mail	42 56	42 56	-
Rail Costs	London Underground	22 69	4 00	18 69
	Total	110.25	91.56	18.69

**NOTICE OF INITIAL CREDITORS' MEETING TO BE CONDUCTED BY
CORRESPONDENCE**

Ashpol plc (Registered Company Number 00104394) ("the Company")

In the High Court of Justice (Case Number 2756 of 2012)

The registered office of the Company is at 32 Cornhill, London, EC3V 3BT

Mark Robert Fry (IP Number 008588) and Kirstie Jane Provan (IP Number 009681), both of Begbies Traynor (Central) LLP of 32 Cornhill, London, EC3V 3BT were appointed as Joint Administrator of the Company on 28 March 2012

A meeting of creditors' of the Company is to be conducted by correspondence pursuant to paragraph 58 of Schedule B1 to the Act

In order to be counted, votes must be received by us by 12 00 hours on 7 November 2012 being the closing date specified on Form 2 25B, together with details in writing of your claim. Secured creditors (unless they surrender their security) should also include a statement giving details of their security, the date(s) on which it was given and the estimated value at which it is assessed

The resolution to be considered is in relation to unpaid pre-administration costs of the Company's subsidiary undertakings, to be discharged from the estate of the Company, as there are no funds in the individual estates to do so

Any creditor who has not received Form 2 25B may obtain one by writing to Brian Simpson at 32 Cornhill, London, EC3V 3BT

Any person who requires further information may contact the Joint Administrator by telephone on 020 7398 3800. Alternatively enquiries can be made to Jonathan Reason by e-mail at jonathan.reason@begbies-traynor.com or by telephone on 020 7398 3800

Dated 22 October 2012

FAXED TO COURT
ADMINISTRATOR 25/10/12
J.R.