

163992

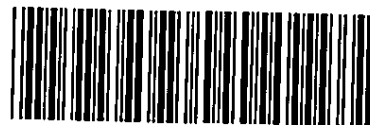
**Joint Supervisors'  
Annual Report to Creditors**

**T&N Limited - Company  
Voluntary Arrangement**

**5 December 2007**

**KROLL**

THURSDAY



\*AOFCVV90\*

AIQ

06/12/2007

31

COMPANIES HOUSE

COMPANIES HOUSE

## **CONTENTS**

- 1 Introduction
- 2 Realisation of Assets
- 3 Creditors
- 4 Supervisors' Remuneration

## **APPENDICES**

Receipts and Payments Account for the Period from 11 October 2006 to 10 October 2007	Appendix A
Time Analysis for the Period from 11 October 2006 to 10 October 2007	Appendix B
Additional Information in Relation to Supervisors' Fees Pursuant to Statement of Insolvency Practice 9	Appendix C

**1 Introduction**

- 1 1 You will recall that I was appointed Joint Supervisor of T&N Limited (the **Company**)'s CVA, together with my partners, A O'Keefe and S Mackellar, on 11 October 2006
- 1 2 This report is our first annual report and provides an update on the progress of the CVA in accordance with Rule 1 26 of the Insolvency Rules 1986 At Appendix A, we have provided an account of our Receipts and Payments for the year ended 10 October 2007

**2 Realisation of Assets**

***Voluntary Contributions***

- 2 1 In accordance with the CVA proposal, at the start of the CVA a reserve was established with a deposit of £5,500,000 This is being used to pay dividends to the creditors of the Company
- 2 2 Interest is being accrued for the benefit of the CVA from the date the CVA became effective Interest received to date totals £286,691

**3 Creditors**

***Preferential Creditors***

- 3 1 There are no preferential creditors' claims within the Arrangement

***Unsecured Creditors***

***Trade Creditors***

- 3 2 The process of reviewing and agreeing creditor claims is almost complete To date we have agreed 193 claims totalling £1,669,611 We have paid out a total of £237,132 representing a dividend of 15p/£ to 192 creditors In addition, we have recently agreed a further one creditor claim totalling £88,731 and they will be receiving their dividend payment of £13,310 in the near future We currently only have three claims that have not been agreed and they total £203,940 We estimate that total claims will be in the region of £1,875,000 We anticipate that unsecured creditors of the Company will receive a further dividend of 10p/£, bringing the total dividend to 25p/£ In accordance with the terms of the CVA proposals, this is the level at which dividends to General Unsecured Creditors of the Company have been capped We anticipate that this final dividend will be paid mid 2008

### 3.3 Agency Status

The Company has no trading operations in its own name and conducted its operations through a number of its subsidiaries, many of whom acted as agents of the Company. The agency agreement was not disclosed to external suppliers and other parties dealing with those subsidiaries.

The effect of this agency status is that where the agreed unsecured trade and expense creditors of agency companies are paid dividends of less than 100p/£, the Supervisors of that company are entitled to claim against T&N Limited for the balance of any such claim. This will result in a further dividend to the agreed unsecured creditors of the agency company. The additional dividend is currently estimated at 25p/£ on the balance of their outstanding claim.

The level of the agency claims against the Company is uncertain. However, based on current information, the estimate for agency claims is as follows,

Company	Potential Claim (£)	Estimated dividend against T&N Limited (p/£)	Dividend claim against T&N Limited (£)
Federal-Mogul Bradford Limited	1,820,626	25	455,157
Federal-Mogul Bridgwater Limited	46,959	25	11,740
Federal-Mogul Powertrain Systems International Limited	12,149	25	3,037
Federal- Mogul Sealing Systems (Slough) Limited	493,283	25	123,321
TBA Industrial Products Limited	26,409	25	6,602
<b>Total</b>			<b>599,857</b>

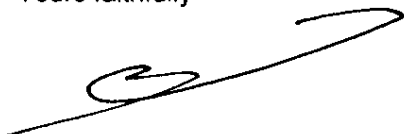
## 4 Supervisors' Remuneration

- 4.1 The CVA Proposals stated that a Remuneration Reserve would be established in order to pay the Supervisors' remuneration. This Reserve is separate from the funds available to the creditors and has no impact on the level of dividends that are ultimately available for the Company's creditors. The CVA provides that our remuneration will be based upon the time costs of the Supervisors' and their staff in executing the CVA.

- 4 2 The Joint Supervisors' time costs as at 10 October 2007 total £1,275,011. This represents 4,364.7 hours at an average rate of £292.00 per hour. To date, £1,234,524 plus VAT has been drawn on account of these fees. As stated above, these fees have been drawn from the Remuneration Reserve and are therefore not reflected on the Receipts and Payments account attached at Appendix A. Attached as Appendix B is a Time Analysis in accordance with the provisions of Statement of Insolvency Practice 9 (**SIP9**), which provides details of the activity costs incurred by staff grade to date.
- 4 3 Please note that when time has been incurred in tasks which relate to a number of Federal-Mogul Group companies which are in CVA, it has not been possible to allocate this time to individual companies and accordingly it has been charged to T&N Limited rather than the individual company. As part of the CVA proposals for all of the T&N Companies, a central fee reserve has been set up and the effect of this is that fees drawn will not impact on the level of dividend to the creditors of T&N Limited or the individual company.
- 4 4 Attached, as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors and re-charging of disbursements.
- 4 5 Finally, we are continuing to agree the claims of unsecured creditors and distribute dividends to creditors whose claims have been agreed. As detailed above, it is anticipated that a further dividend will be made mid 2008, bringing the total dividend to unsecured creditors of the Company to the capped level of 25p/£.

Should you require further information, please do not hesitate to contact Anna Whitehouse of this office.

Yours faithfully



**J J Gleave**  
Joint Supervisor

Enc

# T&N LIMITED - COMPANY VOLUNTARY ARRANGEMENT (CVA)

Receipts and Payments Account for the Period from 11 October 2006  
to 10 October 2007

Appendix A

## Voluntary Arrangement of T&N Limited

	£	£
FLOATING REALISATIONS		
Surplus from Administration	5,500,000 00	
Bank Interest Gross	<u>286,690 75</u>	5,786,690 75
FLOATING COSTS		
Bank Charges	<u>52 00</u>	(52 00)
UNSECURED CREDITORS		
Trade & Expense	<u>237,131 96</u>	(237,131 96)
		<u><u>5,549,506 79</u></u>
REPRESENTED BY		
Dividend Account		(19 99)
Floating Deposit Account		292 83
Clearing Account		5,549,233 95
		<u><u>5,549,506 79</u></u>

In accordance with the requirements of Statement of Insolvency Practice 7, I should advise that the Supervisors' fees have been paid from a separate Remuneration Reserve  
Fees drawn to date total £1,234,523 50 plus VAT

# T&N LIMITED - COMPANY VOLUNTARY ARRANGEMENT (CVA)

## Time Analysis for the Period from 11 October 2006 to 10 October 2007

## Appendix B

T&N Limited

FM21ASM

SIP 9

	Employee Grade				Total Hours	(£'s)	
	Partner/ Director	Senior Associate	Associate/ Analyst	Junior Analysts/Support		Total Cost	Average Rate p/h
<b>Administration and Planning</b>							
Strategy and Control	343.4	615.7	125.5	143.6	1,228.2	402,531.00	328
Bank and Creditor Reporting	30.9	9.0	-	120.2	160.1	31,082.50	194
Creditors Committee	-	-	-	3.3	3.3	247.50	75
Statutory Duties	1.1	12.8	0.5	9.8	24.2	5,800.50	240
Job Administration	39.9	79.1	10.7	276.8	406.5	76,438.00	188
Cash Accounting and Time Records	343.5	74.2	28.2	74.3	520.2	189,810.50	365
Travel and Waiting Time	40.9	31.8	12.0	4.5	89.2	32,035.00	359
Case Closure	-	-	-	1.0	1.0	75.00	75
Internal Documentation and IT	209.2	104.7	37.4	71.0	422.3	141,799.50	336
<b>Investigations</b>							
D Reports	-	-	-	-	-	0.00	-
Other Investigations	1.0	0.5	4.2	-	5.7	1,645.50	289
Internal Documentation	-	-	-	-	-	0.00	-
<b>Realisation of Assets - Fixed Charge</b>							
Initial Actions and Valuations	-	-	-	-	-	0.00	-
Sale of Assets	-	-	-	-	-	0.00	-
Insurance	-	-	-	-	-	0.00	-
Litigation	-	-	-	-	-	0.00	-
Internal and External Documentation	-	-	-	-	-	0.00	-
<b>Realisation of Assets - Debtors</b>							
Debt Collection	-	-	-	-	-	0.00	-
Debtors Litigation	-	-	-	-	-	0.00	-
Crown Debtors	-	-	-	-	-	0.00	-
Internal and External Documentation	-	-	-	-	-	0.00	-
<b>Realisation of Assets - Floating Charge</b>							
Initial Actions and Valuations	-	-	-	-	-	0.00	-
Sale of Assets	-	-	-	-	-	0.00	-
Insurance	-	-	-	-	-	0.00	-
Retention of Title	-	-	-	-	-	0.00	-
Hire Purchase / Leased Assets	-	-	-	-	-	0.00	-
Litigation	2.5	-	-	-	2.5	1,062.50	425
Internal and External Communications	3.3	-	1.1	-	4.4	1,666.50	379
<b>Trading</b>							
Initial Actions	-	-	-	-	-	0.00	-
Cash Accounting	18.1	-	-	-	18.1	7,692.50	425
Ongoing Trading Activities	69.5	-	-	0.6	70.1	29,612.50	422
Internal and External Communications	9.0	-	-	-	9.0	3,825.00	425
<b>Creditors</b>							
Creditor Dealings	165.0	14.9	7.5	237.6	425.0	100,475.50	236
Creditor claims	143.8	217.3	197.4	203.7	762.2	204,929.00	269
Litigation	0.5	-	-	-	0.5	212.50	425
Shareholders / Bankrupts	-	-	-	-	-	0.00	-
Internal Documentation	0.8	6.0	7.0	5.4	19.2	4,724.50	246
Employees	3.0	2.5	140.0	47.5	193.0	39,345.00	204
Employee Communications	-	-	-	-	-	0.00	-
<b>Totals</b>	<b>1,425.4</b>	<b>1,168.5</b>	<b>571.5</b>	<b>1,199.3</b>	<b>4,364.7</b>	<b>1,275,010.50</b>	<b>292</b>

**Additional Information in Relation to Supervisors' Fees Pursuant to  
Statement of Insolvency Practice 9**

**Appendix C**

**1 Policy**

Detailed below is Kroll's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

**1.1 Staff Allocation and the use of Sub-contractors**

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Associates/Analysts may be allocated to meet the demands of the case

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard

We have not utilised the services of any sub-contractors in this case

**Professional Advisors**

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

Name of Professional Advisor	Basis of Fee Arrangement
DWS (legal advice)	Hourly rate and disbursements

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



## **1.2 Disbursements**

Category 1 disbursements The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case

## **2 Charge-out Rates**

With effect from 1 January 2007, certain job titles within our organisation have been re-classified and the new grade titles are shown within the table below These changes do not affect the rates our staff are being charged out at with the exception of staff previously classified as Administrators This grade has now been re-classified to Analyst and as a consequence, the charge out rate as from 1 January 2007 for this level of staff has been increased by an average of £45 per hour

A schedule of Kroll charge-out rates effective from 1 January 2007 is detailed below

	(Per hour) £
<b>Partner/Director</b>	
Partner 1	475
Partner 2	425
Director	395
<b>Senior Associate</b>	
Senior Associate 1	350
Senior Associate 2	325
<b>Associate/Analyst</b>	
Associate	270
Analyst	240
<b>Junior Analyst and Support Staff</b>	
Junior Analyst	125
Senior Treasury Associate	185
Treasury Associate	125
Treasury Analyst	75
Support	75