

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

Name of Company
Gaskell Plc

Company number
0448624

In the High Court of Justice, Chancery Division
Leeds District Registry [full name of court]

Court case number
299 of 2005

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

I/ We (a) C P Holder and S C E Mackellar
Kroll Limited, 3rd Floor Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

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

having been appointed administrator(s) of (b) Gaskell Plc c/o Kroll Limited, 3rd Floor
Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL
("the company")

(c) Insert date of
appointment

on (c) 18 March 2005 by (d) the Directors of the Company,

(d) Insert name of applicant /
appointor

hereby give notice that:

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

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,
and it is proposed that (e) C P Holder and S C E Mackellar of Kroll Limited, 3rd Floor
Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL, 5 17
will be the liquidator(s) of the company (IP No(s) 9093 and 6883)

I/ We attach a copy of the final progress report.

Signed

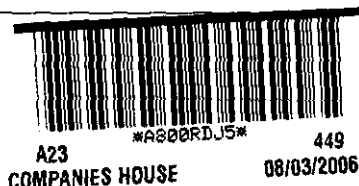
Joint/Administrator(s)

Dated

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

Tel	
DX Number	DX Exchange



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

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

Corporate Advisory & Restructuring Group

Kroll

**Joint Administrators'
Final Progress Report**

**For the Period
18 September 2005 to 6 March
2006**

**Gaskell Plc -
In Administration**

6 March 2006

CONTENTS

- 1 Statutory Information
- 2 Administrators' Proposals
- 3 Progress of the Administration
- 4 Assets still to be realised
- 5 Administrators' Remuneration
- 6 Outcome for Creditors
- 7 Ending the Administration

APPENDICES

Receipts and Payments Account for the Period from 18 March 2005 to 6 March 2006 and 18 September 2005 to 6 March 2006

Appendix A

Time Analysis for the Period from 18 March 2005 to 6 March 2006 and 18 September 2005 to 6 March 2006

Appendix B

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

Appendix C

Creditors Guide to Administrators Fees

Appendix D

1 Statutory Information

- 1.1 I was appointed Joint Administrator of Gaskell Plc (the **Company**) together with Stuart Mackellar on 18 March 2005. The application for the appointment of an Administrator was made by the directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986 (the Act).
- 1.2 C P Holder is licensed by the Institute of Chartered Accountants in England and Wales (9093) and S C E Mackellar is licensed by the Institute of Chartered Accountants of Scotland (6883).
- 1.3 This Administration is being handled by Kroll's Leeds office, situated at 3rd Floor Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.
- 1.4 The Administration is being handled by the High Court of Justice, Chancery Division, Leeds District Registry, 1 Oxford Row, Leeds, reference number 299 OF 2005.
- 1.5 The trading address of the Company was Clayton Business Park, Blackburn Road, Accrington, Lancashire, BB5 5GT.
- 1.6 The registered office of the Company is c/o Kroll, 3rd Floor Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL and its registered number is 00448624.
- 1.7 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the Administrators may be exercised by either or both, acting jointly or alone.
- 1.8 The Company's centre of main interest is situated in the United Kingdom. The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) therefore applies to the administration proceedings and they are the main proceedings as defined by Article 3 of the EC Regulation.

2 Administrators' Proposals

- 2.1 As previously advised, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
 - rescuing the Company as a going concern;
 - 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

CONFIDENTIAL - THIS DOCUMENT IS NOT TO BE DISTRIBUTED OUTSIDE OF THE COMPANY AND ITS GROUP COMPANIES

- realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.2 Upon appointment, the Joint Administrators realised that due to the high volume of creditor pressure being experienced by the Company that it would not be possible to rescue the Company as a going concern due to the creditor pressure being experienced by the Company and its Group Companies: Gaskell Flooring Limited (Flooring), Gaskell Logistics Limited (Logistics), Gaskell Logistics Northern Limited (Northern) and Gaskell Carpets Limited (Carpets).
- 2.3 Therefore the second objective of 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) was pursued.
- 2.4 It was felt that this objective would be achieved through the continued trading of Flooring and Logistics whilst a sale of the Company's freehold property was pursued. The business of Flooring and Logistics were sold which will enable the payment of unsecured dividends from these companies against inter-company debts due to Gaskell Plc.
- 2.5 The second objective of the Administration has been achieved, since the actions completed by the Joint Administrators will realise sufficient funds to enable a distribution to unsecured creditors.

3 Progress of the Administration

- 3.1 Attached at Appendix A is my Receipts and Payments Account for the period from 18 March 2005 to 6 March 2006 and 18 September 2005 to 6 March 2006.
- 3.2 The Company's freehold property at Wheatfield Mill, Parker Street, Rishton, Blackburn, Lancashire was sold to Ever 2552 Limited, who have subsequently changed their name to Gaskell Mackay Limited as part of the Flooring contract sale. This sale was completed prior to the proposals being circulated and thus without consultation with any creditors committee. I advise however that at the creditors meeting on 26 May 2005 no committee was formed.

- 3.3 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to Ever 2552 Limited of which Gerry Wheeler the Company's ex Managing Director is a Director.

Date of Transaction	Asset Involved and Nature of Transaction	Consideration Paid and Date	Sold To	Relationship
4 April 2005	Freehold property at Rishton	£1,400,000 on 4 April 2005	Ever 2552 Limited	Gerry Wheeler - Director

4 Assets still to be realised

- 4.1 As detailed previously the Company has an inter-company debt due from Flooring of £4,641,000 and £151,000 from Logistics. I believe that there will be sufficient funds available to enable distributions to unsecured creditors of Flooring although I am currently not in a position to advise of the quantum or timing of any distributions. Logistics entered into Compulsory Liquidation on 13 September 2005 and any distribution to its creditors will be made by the Liquidator.
- 4.2 Since my appointment it has come to light that there is a rebate for rates paid in respect of the freehold property at Wheatfield Mill, Rishton. I anticipate that the rebate will be in the region of £7,000 and I have retained the Company's advisors to secure this who anticipate that their costs will be 10% of any realisations. Monies received will be secured by the subsequent Liquidator.

5 Administrators' Remuneration

- 5.1 Creditors approved the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 5.2 The Joint Administrators' time costs at 6 March 2006 are £118,991 and I anticipate that further time costs to closure of the Administration will not exceed £5,000. Attached as Appendix B is a Time Analysis that provides details of the activity costs incurred by staff grade for the period since my last report together with a cumulative analysis for the entire Administration.
- 5.3 Since our last report dated 12 October 2005, the firm's time recording system has undergone some necessary internal upgrades which because of their nature, may have affected the appearance of some section totals within the attached Time Analysis. The purpose of this exercise has been to make our time recording system more transparent and we would assure you that the overall time posted to this case has not increased as a result of this upgrade exercise.

- 5.4 The total fees drawn are £116,192 plus disbursements of £5,278 against these time costs. A further bill for £2,799 will be raised to bring the final fees drawn to £118,991. I anticipate that further time costs to closure of the Administration will not exceed £5,000.
- 5.5 Attached as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.
- 5.6 The work carried out under the main headings given in Appendix B are as follows:

Administration and Planning

The work which is involved within this area is dealing with the statutory duties of the Administration and reporting to creditors. In addition time spent formulating the strategy for the progression of the Administration (including internal meetings) is recorded here as are travel and administration time.

Investigations

Time recorded here reflects the time spent investigating and reporting on the conduct of the Company's directors.

Realisation of Assets

The time incurred here is dealing with the sale of the relevant assets of the Company.

Trading

The time spent here involved dealing with the trading issues of Flooring and Logistics which impacted upon the Company.

Creditors

This reflects the time spent with employees and other creditors of the Company, including meetings and telephone calls.

6 Outcome for Creditors

- 6.1 Based upon the information I have obtained to date the value of the preferential creditors is £5,000 and the unsecured creditors is £6,824,726. The unsecured creditors figure includes the pension scheme trustees estimate of £4,044,000 of pension scheme liabilities for the Gaskell Pension Scheme. This scheme is a final salary scheme and I believe that the Company is a participating employer.

- 6.2 Barclays Bank Plc (the Bank) hold fixed and floating charge security in relation to lending made to the Group. Their total debt from the Group was approximately £1,903,000 at the date of appointment, and this has been repaid in full, including distributions of £1,100,000 from the Company.
- 6.3 As detailed above it is anticipated that there will be a distribution from Flooring and Logistics which will enable dividends to be paid to the Company. Dependant upon the level of the realisations for the inter-company debt it is believed that there will be sufficient funds to enable a distribution to unsecured creditors.
- 6.4 As outlined in my proposals which were agreed at the meeting of Creditors held on 26 May 2005, should there be sufficient funds available to pay a dividend to unsecured creditors, the Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL).
- 6.5 As the security pre-dates the introduction of the Enterprise Act 2002 on 15 September 2003, there is no requirement to set aside an "Unsecured Creditors' Fund" as outlined in Section 176A of the Act.

7 Ending the Administration

- 7.1 Since there are sufficient funds to enable a distribution to unsecured creditors the administration will be concluded by the voluntary winding up of the Company pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986. The Joint Administrators, C P Holder and S C E Mackellar will be appointed as liquidators, since no nominations for other parties to act as liquidator were received.
- 7.2 At the meeting of creditors held on 26 May 2005 no creditors committee was formed therefore in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators will be discharged from liability immediately upon their appointment as Administrators ceasing to have effect.

For and on behalf of
Gaskell Plc



C P Holder
Joint Administrator

**Receipts and Payments Account for the Period from 18 March 2005 to
6 March 2006 and 18 September 2005 to 6 March 2006**

Appendix A

Statement of Affairs		From 18/09/2005 To 06/03/2006	From 18/03/2005 To 06/03/2006
	SECURED ASSETS		
1,300,000.00	Freehold Land & Property	NIL	1,400,000.00
	Bank Interest	645.53	1,021.89
		<u>645.53</u>	<u>1,401,021.89</u>
	COSTS OF REALISATION		
	Office Holders Fees	6,915.00	101,192.50
	Office Holders Expenses	NIL	5,278.14
	Legal Fees	NIL	50,336.53
	Agents/Valuers Fees	4,750.00	4,750.00
	Bank Charges	NIL	25.65
	Insurance of Assets	NIL	991.08
		<u>(11,665.00)</u>	<u>(162,573.90)</u>
	SECURED CREDITORS		
(1,300,000.00)	Chargeholder (1)	NIL	1,100,000.00
		<u>NIL</u>	<u>(1,100,000.00)</u>
	ASSET REALISATIONS		
	Sundry Receipts	NIL	368.30
	Bank Interest Gross	513.01	1,757.61
		<u>513.01</u>	<u>2,125.91</u>
	COST OF REALISATIONS		
	Office Holders Fees	15,000.00	15,000.00
	Irrecoverable VAT	831.25	831.25
	Stationery & Postage	NIL	1,781.60
	Statutory Advertising	NIL	53.46
	Bank Charges	9.93	9.93
	Professional Fees	(881.25)	(881.25)
		<u>(14,959.93)</u>	<u>(16,794.99)</u>
	PREFERENTIAL CREDITORS		
(5,000.00)	Employee Arrears/Hol Pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(8,229,000.00)	Unsecured Creditor Fund Payments	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(1,226,000.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(9,460,000.00)</u>		<u>(25,466.39)</u>	<u>123,778.91</u>

REPRESENTED BY

Fixed Current A/c

8,290.88

Receipts and Payments Account for the Period from 18 March 2005 to
6 March 2006 and 18 September 2005 to 6 March 2006

Appendix A

Money Market 2 weeks fixed	101,473.33
Floating Current A/c	10,179.57
Vat Control Account	3,835.13
	<hr/>
	123,778.91

P. Hoob

C P Holder
Administrator

Time Analysis for the Period from 18 March 2005 to 6 March 2006 and 18 September 2005 to 6 March 2006

Appendix B

Summarised below is the details of time and costs to date by staff grade for the period 18 September 2005 to 6 March 2006.

	Employee Grade (Hours)					Time Cost (£)	Ave Per Hour (£)
	Partner/ Director	Manager	Other Sen'r Prof	Assistants/ Support	Total Hours		
Administration and Planning	2.8	9.7	10.3	18.4	41.2	10,675.00	259
Investigations	0.0	0.0	0.0	0.0	2.3	345.00	150
Realisation of Assets - Floating Charge	2.5	0.0	0.0	0.0	2.5	1,187.50	475
Trading	0.0	0.5	0.5	0.0	1.0	322.50	323
Creditors	4.6	1.7	1.7	0.8	8.8	3,383.50	384
Total Hours By Grade	9.9	11.9	12.5	21.5	55.8	15,913.50	285

Summarised below is the details of time and costs to date by staff grade for the period 18 March 2005 to 6 March 2006.

	Employee Grade (Hours)					Time Cost (£)	Ave Per Hour (£)
	Partner/ Director	Manager	Other Sen'r Prof	Assistants/ Support	Total Hours		
Administration and Planning	62.8	38.2	43.5	72.0	216.5	65,345.50	302
Investigations	0.2	0.0	0.6	3.3	4.1	740.00	180
Realisation of Assets - Fixed Charge	7.5	50.4	1.0	0.0	58.90	21,452.50	364
Realisation of Assets - Debtors	3.0	0.0	0.0	0.0	3.0	1,425.00	475
Realisation of Assets - Floating Charge	14.30	1.4	0.0	1.5	17.2	7,395.00	430
Trading	10.2	0.7	1.0	15.5	27.4	7,672.50	280
Creditors	11.0	4.0	13.1	33.8	61.9	14,960.50	242
Total Hours By Grade	109.0	94.7	59.2	126.1	389.0	118,991.00	306

**Additional Information in Relation to Administrators' 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, Manager, Senior and Assistant. 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 Seniors/Assistants 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.

1.2 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
DLA (legal advice)	Hourly rate and disbursements
Alexander Forbes (insurance)	Hourly rate and disbursements
Eddisons (valuation and disposal advice)	Hourly rate and disbursements
Financial Dynamics (PR 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.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. 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.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. On this case there have been no Category 2 disbursements.

2 Charge-out Rates

A schedule of Kroll charge-out rates effective from 1 January 2005 is as follows:

Regional standard rate	(Per hour) £
Partner:	
Partner 1	550
Partner 2	475
Associated Partner / Director	425
Manager:	
Senior Manager	400
Manager	350
Other Senior Professionals:	
Experienced Senior	295
Senior	250
Administrator	200
Assistants and Support Staff:	
Assistant	150
Experienced Cashier	200
Cashier	150
Assistant Cashier	75
Support	75

Appendix D

**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 Administrators' fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of Administration

Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court in order to achieve one or more of the following statutory purposes:

- Rescuing the Company as a going concern; or
- Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

Administration may be followed by a company voluntary arrangement, liquidation, dissolution or survival of the Company.

3 The Creditors' Committee

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 Administrators' remuneration. The committee is established at the meeting of creditors, which the Administrator is required to hold within 10 weeks of the commencement of the Administration to consider his proposals (subject to certain conditions). 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 the power to summon the Administrator to attend before it and provide such information as it may require.

4 Fixing the Administrators' fees

The basis for fixing the Administrators' remuneration is set out in Rule 2.106 of the Insolvency (Amendment) Rules 2003, which states that it shall be fixed either:

- as a percentage of the value of the property which the Administrator has to deal with, or
- by reference to the time properly given by the Administrator and his staff in attending to matters arising in the Administration;

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

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

If there is no creditors' committee, or the committee does not make the requisite determination, the Administrators' remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the Administrator.

5 What Information should be provided by the Administrator?

When seeking fee approval

- 1.1.1. *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.
- 1.1.2. *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.*
- 1.1.3. *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 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.

- 1.1.4. *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.*

After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the Administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to

creditors the Administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the Administrator should provide the details set out in paragraph 5.1.4 above regarding the work which has been sub-contracted out.

Expenses and disbursements

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

6 What if a creditor is dissatisfied?

If a creditor believes that the Administrators' remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the Administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the Administration.

7 What if the Administrator is dissatisfied?

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

8 Other matters relating to fees

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.

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.