

The Insolvency Act 1986

2.23B**Notice of result of meeting
of creditors**

Name of Company

Berry Birch & Noble Insurance
Brokers Limited

Company number

01000919

In the High Court of Justice

Court case number
9062 of 2006We Finbarr Thomas O Connell
KPMG LLP
8 Salisbury Square
London EC4Y 8BB
United KingdomJane Bronwen Moriarty
KPMG LLP
8 Salisbury Square
London EC4Y 8BB
United Kingdom

hereby report that a meeting of the creditors of the above company was held at

- (a) Insert place of meeting (a) 1-2 Dorset Rise, London EC4Y 8EN
(b) Insert date of meeting (b) on 17 January, 2007 at which:

*Delete as applicable *1. Proposals / ~~revised proposals~~ were approved.

~~*2. Proposals / revised proposals were modified and approved:~~

~~The modifications made to the proposals are as follows:~~

(c) Give details of the
modifications (if any)

(c) _____

~~*3. The proposals were rejected~~

(d) Insert time and date of
adjourned meeting

~~*4. The meeting was adjourned to (d) _____~~

(e) Details of other
resolutions passed

~~*5. Other resolutions : (e) _____~~

FRIDAY



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19/01/2007
COMPANIES HOUSE

460

The revised date for automatic end to administration is

A creditors' committee was formed

Signed

Joint Administrator

Dated

17 January 2007

A copy of the original proposals is attached for those who did not receive such documents prior to the meeting

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

Robert Wood
KPMG LLP
8 Salisbury Square
London EC4Y 8BB
United Kingdom

020 7694 1770

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

Companies House, Crown Way, Cardiff CF14 2JZ, DS, 33050 Cardiff

Companies House (company name, number)

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Companies House receipt date: 17/01/2007

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Companies House, Crown Way, Cardiff CF14 3UZ, DX 33050 Cardiff



**Berry Birch & Noble Insurance Brokers Limited
(in administration)**

**Report to Creditors pursuant to
Paragraph 49 of Schedule B1 of the
Insolvency Act 1986**

3 January 2007

KPMG Restructuring



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1 Glossary

Administrators	Finbarr O'Connell and Jane Moriarty of KPMG LLP
Administration Order	10 November 2006. Administration order number 9062 of 2006
Company	Berry Birch & Noble Insurance Brokers Limited ("BBNIB") (company registered number 1000919)
The Directors	A Shortis M Oliver

The references in this report to sections, paragraphs or rules are to the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Amendment) Rules 2003 respectively.

2 Introduction

Finbarr O'Connell and Jane Moriarty of KPMG LLP were appointed as Joint Administrators of BBNIB on 10 November 2006 by application of its Directors.

In accordance with Paragraph 100(2) of schedule B1 Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any or one of the Administrators.

In accordance with Paragraph 49 of schedule B1 Insolvency Act 1986 the Joint Administrators now set out their proposals for achieving the purpose of the administration and for the conduct of the administration.

The report also includes certain information required to be provided to creditors in accordance with Rule 2.33 of the Insolvency (Amendment) Rules 2003.

The appropriate statutory information is set out in Appendix 1.

There being no connected insolvency proceedings in any other jurisdiction the EC Regulation does not apply to this administration.

3 Background and events leading to the appointment of the administrators

3.1 Background

BBNIB is a wholly owned subsidiary of Berkeley Berry Birch plc (in administration) ("BBB") which went into administration on 21 March 2006. This subsidiary was largely responsible for the insurance intermediary business of the BBB Group (See Appendix 2).

The business and assets of BBNIB were sold by the Directors prior to the administration of BBB for £3.5m including deferred consideration of £1.3m due in 2007. The deferred consideration is subject to future trading performance, lease dilapidations and potential breach of warranty claims. The final outcome regarding the deferred consideration is therefore uncertain.

The directors of BBB estimated in their statement of the affairs that its investment in BBNIB would realise approximately £4 million in total. The Directors of BBNIB considered BBNIB to be solvent. In fact BBNIB, having made the usual enquiries, distributed £1million to the administration of BBB in April 2006 by way of an interim distribution of retained profits.

3.2 Events leading to the appointment of the administrators

During the weeks leading up to the administration of the company, representatives of GP Noble Trustees Ltd, a potential creditor of BBNIB in respect of the group defined benefits pension scheme, had several conversations with the Directors in which they significantly increased the estimate of the potential pension deficit claim attributable to BBNIB from a few £100,000's to a figure in the region of £6 million. The effect of this was to place the Directors on notice of the potential insolvency of BBNIB. As a result this prevented the board from being able to function in dealing with the day to day affairs of BBNIB. On this basis the Directors concluded that they had no alternative but to make the administration appointment to protect the assets of BBNIB and to enable the appointed Administrators to manage its affairs, including the collection of the deferred consideration due in March 2007. Also, the appointment would preserve the tax position, subject to the eventual financial outcome for the company, to enable the payment of any BBNIB surplus up to BBB without any tax being payable.

4 Purposes, initial strategy and progress of the administration

4.1 Purposes of the Administration

The purposes of an administration as defined by paragraph 3 of Schedule B1 of the Insolvency Act 1986 are:

- Rescuing the company as a going concern, or
- Achieving a better result for BBNIB'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.

The Joint Administrators consider that the impact of the potential pension scheme creditor claim in BBNIB (and indeed BBB) is of such overall significance that there is a need to be able to determine the status of the claim within the administration in order to clarify the outcome for the creditors and also ultimately for BBB, the parent company of BBNIB.

Accordingly, the first purpose above could be achieved i.e. rescuing the company. If this purpose is not achieved then the administration will have allowed the company the opportunity to preserve certain tax advantages which would have been lost had it gone directly into liquidation

4.2 Initial strategy

The initial approach of the Administrators has been to:

- Consider, in conjunction with lawyers, the appropriate course of action to determine the position regarding the pension claim.
- Consider applying to court for permission to adjudicate unsecured creditor claims and, if possible, in view of its overall significance to the outcome, seek a direction from the Court on the treatment of the pension scheme's claim.
- Consider, should the result be that BBNIB is solvent, lifting the administration to enable a distribution to parent company BBB.
- Continue to progress the issues arising from the sale of the business in order to maximise the realisation of the deferred consideration in March 2007.

4.3 Progress of the administration

- 4.3.1 Since the date of their appointment the Joint Administrators have been working to ensure that the appointment has caused as little disruption as possible to the deferred

consideration payable in March 2007 of approximately £1.3 million. The Directors of the company have assisted the Administrators in liaising with the purchaser to deal with responses to issues raised in respect of potential set-off claims against the consideration. As part of this process, independent accountants had been retained by BBNIB to report on the client money position at the date of sale to assist in agreeing the final position. In view of the potential impact of this issue, the Administrators agreed to allow this work to continue at a cost of £10,000 in respect of client money totalling approximately £300,000.

- 4.3.2 As can be seen from the receipts and payments account attached at Appendix 5 cash at bank totalling approximately £2 million has been realised.
- 4.3.3 Since their appointment the Joint Administrators have been considering the issue of the pension scheme claim in conjunction with lawyers. In view of the fundamental uncertainty of the outcome of the administration the Joint Administrators consider that it is appropriate to apply to court to seek the power to adjudicate and distribute to creditors. In addition in view of the overall significance of the pension scheme claim the Joint Administrators intend to seek a direction regarding the status of the claim.

4.4 Other matters

4.4.1 Remuneration and expenses

In accordance with R2.106 of the Insolvency Rules 1986 it is proposed that the Administrators' remuneration shall be fixed by reference to time properly given by the Administrators and their staff in attending to matters arising in the administration. KPMG time costs to date total approximately £35,000 excluding VAT and are detailed in Appendix 6. A Creditors' Guide to Administrators' fees is attached at Appendix 7.

The Administrators have also instructed KPMG Tax and VAT specialists to carry out an assessment to determine whether further realisations may accrue from these sources.

5 Statement of affairs

A copy of the Directors' statement of affairs is attached at Appendix 4.

6 Creditors' meeting

On present information it is anticipated that there will be funds available to make a payment to preferential (should any valid claims be established) and/or unsecured

creditors and therefore the Administrators propose to hold an initial creditors' meeting, in accordance with Paragraph 51 of Schedule B1 to the Insolvency Act 1986.

The meeting will be held at 10am on 17 January 2007 at 8 Salisbury Square, London, EC4Y 8BB. A notice of this meeting of creditors is enclosed with this report.

7 Administrators' Proposals

Due to the uncertainty over the treatment of the group pension scheme claim it is not possible to say at this stage with any certainty what the outcome will be for creditors of BBNIB. The Administrators therefore propose the following:

- to continue to do all such things reasonably expedient and generally exercise all their powers as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company;
- On determining the creditor claims position, in accordance with the first purpose of administration, should the solvency of BBNIB be established the Administrators will exit the administration in order that the directors may continue from that date to manage BBNIB's affairs and distribute any surplus profits to its shareholder;
- that the Administrators be permitted to pay any realisations to preferential creditors (should any valid claims be established) and then, in the absence of any authority to agree and pay unsecured creditors, take the appropriate steps to exit the administration to allow a dividend to be paid to unsecured creditors at the earliest opportunity;
- The Administrators are permitted to apply to Court for the power to adjudicate and pay creditor claims and to apply to Court to seek a direction regarding the treatment of the pension scheme claim;
- to seek an extension to the administration period if deemed necessary by the Joint Administrators;
- if it transpires that no better realisations will be made in the administration than would be available in a winding up, to take the necessary steps to put the Company into either creditors' voluntary liquidation or into compulsory liquidation as deemed appropriate by the Joint Administrators;
- if creditors' voluntary liquidation or compulsory liquidation are deemed appropriate, the Joint Administrators be permitted to seek the appointment of Finbarr Thomas O'Connell and Jane Moriarty of KPMG LLP as liquidators of Berry Birch & Noble Insurance Brokers Limited without any further recourse to creditors. In accordance with paragraph 83(7) and Rule 2.117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved;
- if applicable, that the Administrators may propose an exit by Company Voluntary Arrangement;



Berry Birch & Noble Insurance Brokers Limited (in administration)
Report to Creditors pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986
KPMG LLP

- that, in the event that no creditors' committee is formed, the Joint Administrators be authorised to draw fees on account from the assets of Berry Birch & Noble Insurance Brokers Limited from time to time during the period of the administration based on time properly spent at KPMG LLP time rates that reflect the complexity of the assignment. Also, that the Joint Administrators be authorised to draw disbursements from time to time;
- that the costs of KPMG LLP in respect of tax, VAT and pension advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of Berry Birch & Noble Insurance Brokers Limited;
- that the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators pursuant to paragraph 98(1) of schedule B1 of the Insolvency Act 1986 (the "Act") 30 days following the registration of the notice given pursuant to paragraph 83 of Schedule B1 of the Act or in respect of any other exit process on the appointment of the Administrators ceasing to have effect.



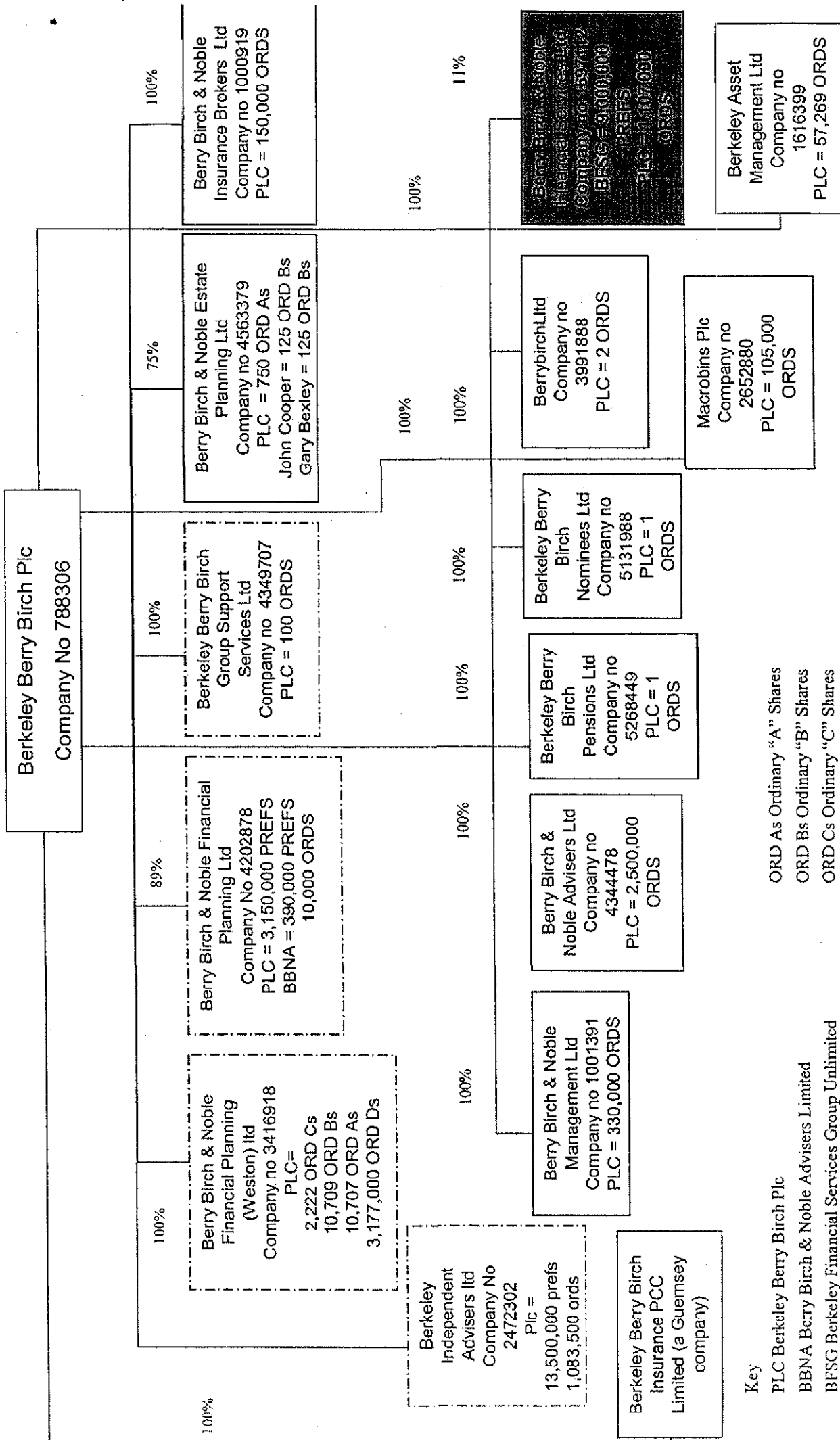
Appendix 1 - Statutory Information

Date of Incorporation	27 January 1971
Company registration number	1000919
Previous registered office	Eaton House 1 Eaton Road Coventry CV1 2FJ
Present registered office	KPMG LLP 8 Salisbury Square London EC4Y 8BB
Trading address	As previous registered office
Authorised share capital	£150,000
Called up share capital	150,000 £1 ords
Shareholders	Berkeley Berry Birch plc (in Administration)
Directors during the last 12 months	M Oliver A Shortis N Davenport (resigned 8/5/06) P Harrison (resigned 2/3/06) D Macleod (resigned 2/3/06) P Wright (resigned 2/3/06)
Company secretary	M Oliver
Employees	None
Previous names	Berry, Birch and Noble (Insurance Brokers) Limited (until 31/1/89) Berry, Birch & Hawksford (Insurance Brokers) Limited (until 20/8/86)



Berry Birch & Noble Insurance Brokers Limited (in administration)
Report to Creditors pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986
KPMG LLP

Appendix 2 – Group Structure



Key

PLC Berkeley Berry Birch Plc

BBNA Berry Birch & Noble Advisers Limited

BFSG Berkeley Financial Services Group Unlimited

PREFS Preference Shares

ORDS Ordinary Shares

ORD As Ordinary "A" Shares

ORD Bs Ordinary "B" Shares

ORD Cs Ordinary "C" Shares

ORD Ds Ordinary "D" Shares

In administration

Appendix 3 – Financial Statements for the year ending 31 March 2005

Profit and loss account For the year ended 31 March 2005

	2005 £'000	2004 £'000
Turnover	4,594	3,949
Cost of sales	(761)	(571)
Gross profit	3,833	3,378
Administrative expenses	(3,409)	(3,351)
Operating profit	424	27
Net interest receivable	49	30
Profit on ordinary activities before tax	473	57
Taxation	-	-
Retained profit for the financial period	473	57

Balance Sheet As at 31 March 2005

	2005 £'000	2004 £'000
<i>Fixed assets</i>		
Intangible fixed assets	656	405
Tangible fixed assets	80	62
	736	467
<i>Current assets</i>		
Debtors	2,145	2,119
Cash at bank and in hand	1,885	1,418
	4,030	3,537
<i>Creditors: amounts falling due within one year</i>	(3,717)	(3,478)
Net current assets	313	59
Net assets	1,049	526
<i>Capital and reserves</i>		
Called up share capital	150	100
Profit and loss account	899	426
Shareholders' funds	1,049	526

Source: audited financial statements, year ended 31 March 2005



Appendix 4 – Directors’ Statement of Affairs

Administrators’ notes to the Directors’ Statement of Affairs

- 1 The creditor described as unpresented cheques totalling £11,433 relates to cheques which have been issued on an account with HSBC which has now been closed.
- 2 The unidentified bank receipts creditor balance of £4,052 relates to credits received in to BBNIB’s bank account which are due to third parties.
- 3 The unsecured non-preferential claims total £6,302,855 includes a contingent amount of £6 million in respect of the Berry Birch & Noble Staff Pension Fund. It is unclear at present what amount is due to this pension fund.
- 4 The list of creditors includes a provision in respect of a sum due to Smart & Cook of £200,000 which will be subject to future negotiation and agreement.

Assets

Assets subject to fixed charge:

Assets subject to floating charge:

Uncharged assets:

Deferred consideration due from Smart & Cook Limited

Council tax refund due from Bromley Council

Prepayments

Output VAT re invoices reversed

BBB Support Services Limited (in administration)

Berry Birch & Noble Financial Planning Limited (in administration)

Royal Bank of Scotland current account

Royal Bank of Scotland deposit account (including accrued interest)

Estimated total assets available for preferential creditors

Book value £	Estimate to realise £
1,299,300	1,100,000
1,711	-
10,223	10,223
757	-
26,579	-
443	-
-	-
2,053,072	2,053,072
3,392,085	3,163,295

Signatures

Date 5 December 2006

A1 - Summary of Liabilities

	£	Estimate to realise £
Estimated total assets available for preferential creditors (carried from page A)		3,163,295
Liabilities		
Preferential creditors	Nil	
Estimated deficiency/surplus as regards preferential creditors		3,163,295
Estimated prescribed part of net property where applicable (to carry forward)	Nil	
Estimated total assets available for floating charge holders		3,163,295
Debts secured by floating charges	Nil	
Estimated deficiency/surplus of assets after floating charges		3,163,295
Estimated prescribed part of net property where applicable (brought down)	Nil	
Total assets available to unsecured creditors		3,163,295
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	6,302,855	
Estimated (deficiency)/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(3,139,560)
Shortfall to floating charge holders (brought down)	Nil	
Estimated (deficiency)/surplus as regards creditors		(3,139,560)
Issued and called up capital	150,000	
Estimated total (deficiency)/surplus as regards members		(3,289,560)

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Berry Birch & Noble Staff Pension Fund	c/o G P Noble Trustees Limited, 4th Floor, Pearl House, 5 Friar Lane, Nottingham NG1 6BT	6,000,000	None	N/a	N/a
Smart & Cook Limited	4-6 Ripon Road, Harrogate, North Yorkshire HG1 2HH	200,000	None	N/a	N/a
Lariment Limited (formerly Crescendo Ventures Europe Limited)	21-22 Grovesnor Street, London W1K 4QJ	60,507	None	N/a	N/a
Unpresented cheques re closed HSBC bank account	Various	11,433	None	N/a	N/a
SP Property Services Limited	Glaston Hall, Spring Lane, Glaston, Rutland LE15 9BZ	8,373	None	N/a	N/a
Private Insurance Portfolio	Ambassador House, Paradise Road, Richmond upon Thames TW9 1SQ	7,338	None	N/a	N/a
Charles Conrad-Pickles	Field House, Three Gates Lane, Haslemere, Surrey GU27 2LD	4,753	None	N/a	N/a
HIM Revenue & Customs	Warwickshire Coventry Area, Sherbourne House, 1 Manor House Drive, Coventry CV1 2TA	4,627	None	N/a	N/a
Unidentified bank receipts	Various	4,052	None	N/a	N/a
Collegiate Insurance Brokers Limited	Roman Wall House, 1-2 Crutched Friars, London EC3N 2NB	1,100	None	N/a	N/a
Quality Telecom Solutions Limited	Unit 4 Pond House, Kiln Lane, Stratfield Mortimer, Reading RG7 3PN	529	None	N/a	N/a
Doyle Clayton Solicitors	Cannongate House, 62-64 Cannon Street, London EC4N 6AE	143	None	N/a	N/a
		6,302,855			

Signatures

Date

5 December 2006

COMPANY SHAREHOLDERS

Shareholder	Address (with postcode)	No. of shares held	Nominal value	Details of Shares Held
Berry Birch plc (Administration)	KPMG LLP, 8 Salisbury Square, London EC4Y 8BB	150,000	£150,000	Ordinary shares of £1 each
TOTALS		150,000	£150,000	

[Handwritten signature]

Date 5 December 2006



Appendix 5 – Receipts and Payments Account for the period 10 November 2006 to 22 December 2006

Berry Birch & Noble Insurance Brokers Limited (In Administration)

Receipts and Payments Account From 10 November 2006 to 22 December 2006

	£'000
Receipts	
Cash at bank	2,038
Sundry refunds	10
	<hr/> 2,048
Payments	
Professional fees	(3)
	<hr/>
Balance held	<hr/> 2,045 <hr/>



Appendix 6 – Administrators' time cost analysis

Appendix 6 - Administrators' Time Cost Analysis

*SIP 9 Compliant fees worksheet: 10 November to 22 December 2006

CONSOLIDATED TIME BY GRADE

Activity	Partner	Senior Manager	Senior Manager	Tax Manager	Senior Admtr	Junior Admtr	Cashier	Support	Total Hours	Total Cost £	Average Rate £
Statutory & compliance	9.7	21.0			21.0	2.0		0.3	54.0	15,915.00	294.72
Asset realisation	1.0	10.0			2.0				13.0	4,280.00	329.23
Employees	1.0	1.0	0.3						2.3	867.50	377.17
Directors		3.5							3.5	1,207.50	345.00
Creditors and claims	11.6	14.0			2.0				27.6	10,324.00	374.06
Cashiering			0.6				3.6	0.9	5.1	948.00	185.88
Tax		2.5		2.8					5.3	2,010.50	379.34
Total hours/cost	23.3	52.0	0.9	2.8	25.0	2.0	3.6	1.2	110.8	35,552.50	320.87

EXPENSES

Statutory bond	£
	1,600.00
Total	1,600.00

Note

* Statement of Insolvency Practice 9 governing the disclosure and sanction of administrators' remuneration

Appendix 7 – Creditors’ guide to administrators’ fees

Where Petition Presented or Appointment Made On or After 15 September 2003 ENGLAND AND WALES

1 Introduction

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

2 The nature of administration

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

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration, or, if the administrator thinks neither of these objectives is reasonably practicable
- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors’ committee

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

4 Fixing the administrator’s fees

- 4.1 The basis for fixing the administrator’s remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

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

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

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

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

- 4.3 There are special rules about creditors’ resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case, if there is no creditors’ committee, or the committee does not make the requisite

determination, the remuneration may be fixed by the approval of:

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors:
 - each secured creditor of the company; and

- preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval, having regard to the same matters as the committee would. Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

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

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

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

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional

information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

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

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

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

6 What if a creditor is dissatisfied?

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

7 What if the administrator is dissatisfied?

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

8 Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9 Provision of information – additional requirements

- 9.1 In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company. The information which must be provided is:

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

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office. The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

Whilst every care has been taken in its preparation, this statement is intended for general guidance only.