

Rule 1.26/
1.54

The Insolvency Act 1986
Notice to Registrar of
Companies of Supervisor's
Abstract of Receipts and
Payments

Pursuant to Rule 1.26(2)(b) or
Rule 1.54 of the
Insolvency Rules 1986

R.1.26(2)(b)/ R.1.54

For Official Use

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To the Registrar of Companies

Company Number

1429556

Name of Company

Holmes 2001 Limited (formerly Holmes Halls Tanners Limited)

I / ~~We~~

Angus Matthew Martin
PO Box 810
66 Shoe Lane
London
EC4A 3WA

supervisor(s) of a voluntary arrangement taking effect on

22 May 2001

present overleaf my/~~our~~ abstract of receipts and payments for the period from

22 May 2005

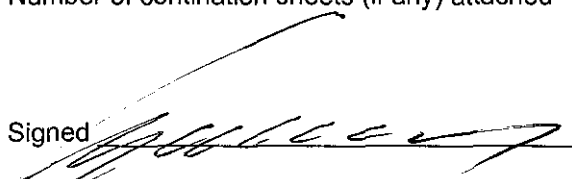
to

21 May 2006

Number of continuation sheets (if any) attached

☐

Signed



Date

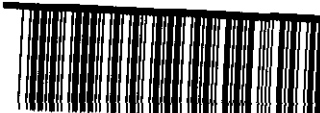
5/7/06

Deloitte & Touche LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

Ref: HOLM04D/MJB/JRC/LDB

Insolvency

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07/07/2006

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To All Creditors

11 July 2006

Our Ref: LE0307022/MJB/JRC 8

Dear Sir/Madam

Holmes 2001 Limited (formerly Holmes Halls Tanners Limited) - In Company Voluntary Arrangement ("Holmes").
Profitwell Limited - In Company Voluntary Arrangement ("Profitwell")

Introduction

I write in my capacity as Supervisor of the Company Voluntary Arrangement ("CVA") of Holmes and Profitwell to provide my six monthly report on the progress of the Arrangements.

Creditors will recall that both companies are part of the Profitwell Group ("the Group"), the other member company of which, Hartside Limited, entered into a CVA on the same date.

As advised in earlier reports the Group's assets and liabilities, under the terms of the proposals, are to be pooled and this report is therefore addressed to all Group creditors. I also enclose the Supervisors' six monthly report in respect of Hartside Limited, on behalf of the Supervisors, Mr RH Barker and Mr BA MacKay, under the terms of an agency agreement in existence between us. A Creditors' Guide to Fees is enclosed for your information.

Extension of the Arrangements

The ongoing pension scheme issues, National Insurance, and personal injury claims continue to delay my administration of the voluntary arrangements. Consequently a unanimous resolution of the Creditors' Committee has been obtained to further extend the duration of all three Arrangements to 21 November 2006, or until a final distribution is made, whichever is the earlier.

Progress under the Arrangements

Please find enclosed the Supervisor's Receipts and Payments Account for the period of my administration to date.

Audit.Tax.Consulting.Corporate Finance.

Member of
Deloitte Touche Tohmatsu

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Assets

Land and buildings

As noted in my previous reports, all the land and buildings have been realised.

Surplus from secured assets

All secured assets have been realised as detailed in previous reports and the Group's indebtedness to the secured creditors settled in full. The residual funds available were transmitted to the Supervisor and are included on the attached receipts and payments account.

Other assets

No further material asset realisations are expected.

Liabilities

The Group's preferential creditors have been paid in full.

I have continued to receive and agree unsecured creditors claims since my last report and the majority in both number and value have now been agreed.

The Pension Scheme

I am pleased to announce that progress has been made with respect to the Holmes Halls Tanners Limited Pension Scheme and its ability to prove a debt in the arrangement. Several meetings have been held between my staff, my solicitors and the scheme trustees, and a valuation has been made in terms of the liability, and a formal proof of debt submitted by the trustee.

I have since written to the members of the Creditors' Committee to seek their approval for the admission of this claim into the CVA. They have agreed to admit the claim into the CVA, but, I shall call a meeting of creditors to formally bind the pension scheme creditor at a stage when I am in a position to bind any other claims (see below) into the CVA.

Employers' Liability Claims

I have also been made aware of several employers' liability claims which have been made against Holmes, which would ordinarily be insured against such claims. In one instance, supporting evidence for cover can only be found for part of the period in question. Together with the help of the directors, my staff are endeavouring to seek out Holmes' insurers for the remaining part of the period. The value of potential this claim is c. £120,000.

I have written to the claimant enclosing a formal proof of debt, and invited them to claim in the CVA. Having been given 6 weeks for them to prove in the CVA, they have failed to do so, and could therefore be excluded from being bound into the scheme.

National Insurance Contribution claim

Finally, you will be aware, from previous reports, that the Inland Revenue may have a further claim in the voluntary arrangement with regard to "Payments in respect of Platinum Sponge", being NIC due on payments made by the Group which were part of a scheme to avoid paying National Insurance Contributions. The Group has instructed Baker Tilly to prepare its defence against this claim and the matter is on-going.

I understand from Baker Tilly that a test case is due to be heard in the High Court in London at the end of July. The Profitwell NIC scheme is one of a number of cases which will sit behind the test case, and the outcome of the test case will bind Profitwell into the decision.

Therefore, I should be in a position to update creditors and the Creditors' Committee in August. This claim should not require to be bound into the CVA since the Inland Revenue were originally notified of the scheme.

Office Holders Costs

The nominees' fees in respect of all three Group companies are payable to Messrs. Barker and MacKay of Baker Tilly, as are the Supervisors' fees in respect of Hartside. Full details in respect of Hartside's office holders' costs can be found in the Hartside report included with this report.

Nominees' fees in respect of Holmes were estimated in the proposals at approximately £15,000 on a time cost basis. These sums were satisfied by the company pre-CVA and the sum of £9,523 was paid as an expense of the Arrangement in respect of Nominees' time costs not anticipated when the original proposals were drafted. Nominee's fees in respect of Profitwell (£2,000 - as estimated in the proposal) were discharged prior to the implementation of the CVA.

My remuneration as Supervisor (of both Holmes and Profitwell) is governed by Clause 12.2 of the proposals, on a time-cost basis. My time costs incurred for the six months to January 2006 amount to £7,785.50 in respect of Holmes, (and have necessitated the inclusion of partner and senior manager input due to the complex work surrounding the pension resolutions) and £nil in respect of Profitwell, bringing total time costs to £133,458 (Holmes Halls Tanners) and £9,167 (Profitwell). Against this resolutions have been obtained to allow me to draw the sum of £100,000 to date.

A summary of my time costs for the 6 months ended 12 July 2006 can be found at appendix 1.

These assignments were expected at the outset to be of a straightforward nature and junior staff have been utilised wherever possible. Certain matters have however necessitated the input of more senior and partner time. In this particular period I have been awaiting an outcome from Messrs Baker Tilly on the NIC claim and hence myself and my staff had had little time input.

There have as yet been no disbursements paid to my firm in respect of these assignments.

Estimated Outcome for Creditors

The interim dividend discussed in my last report has had to be deferred due to the continuing uncertainty surrounding the pension, NIC and employee liability issues. This dividend will be paid once I have sufficient comfort as to the likely extent of any claim and the benefit of further legal discussions. If the claims are admitted they will, of course, impact the level of dividends available to creditors.

I expect to be in a better position to advise on the extent and timing of dividends once further progress is made as regards these issues. Creditors will be advised as soon as possible of any material developments.

If any further information is required please do not hesitate to contact my colleague James Clark.

Yours faithfully



Angus M Martin
Supervisor- Holmes 2001 Limited
- Profitwell Limited

Encs:

Receipts & Payments Account
SIP 9 Analysis

Voluntary Arrangements A Creditors' Guide To Insolvency Practitioners' Fees

England and Wales

Creditors or their representatives are required to approve the remuneration of the insolvency practitioners. This guide is designed to assist creditors of businesses where members or directors of Deloitte & Touche LLP have been appointed insolvency practitioners. Apart from the final three paragraphs the main text has been prepared by the Association of Business Recovery Professionals. If you need any assistance on the matters set out below, please feel free to contact us.

1. Introduction

1.1 In a voluntary arrangement, as in other types of insolvency, the amount of money available for creditors is likely to be affected by the level of costs, including the remuneration of the insolvency practitioner appointed to implement the arrangement. This guide explains how fees are fixed in voluntary arrangements, how the creditors can affect the level of fees, and the information which should be made available to them regarding fees.

2. The Voluntary Arrangement Procedure

2.1 Voluntary arrangements are available to both companies and individual debtors. Company voluntary arrangements are often referred to as CVAs, and individual voluntary arrangements as IVAs.

The procedure is similar for both CVAs and IVAs and enables the company or individual to put a proposal to their creditors for a composition in satisfaction of their debts or a scheme of arrangements of their affairs. A composition is an agreement under which creditors agree to accept a certain sum of money in settlement of the debts due to them. A CVA may be used as a stand-alone procedure or as an exit route from an administration. It may also be used where a company is in liquidation, but this is extremely rare. The proposal will be made by the directors, the administrator or the liquidator, depending on the circumstances. A proposal for an IVA may be made by a debtor whether or not he is already subject to bankruptcy proceedings. The proposal will be considered by creditors at a meeting convened for that purpose. The

procedure is extremely flexible and the form which the voluntary arrangement takes will depend on the terms of the proposal agreed by the creditors. In both CVAs and IVAs the proposal must provide for an insolvency practitioner to supervise the implementation of the arrangement. Until the proposal is approved by the creditors, the practitioner is known as the nominee. If the proposal is approved, the nominee (or if the creditors choose to replace him, his replacement) becomes the supervisor.

3. Fees, Costs and Charges – Statutory Provisions

3.1 The fees, costs, charges and expenses which may be incurred for the purposes of a voluntary arrangement are set out in the Insolvency Rules 1986 (Rule 1.28 for CVAs and Rule 5.33 (previously 5.28) for IVAs). They are:

- Any disbursements made by the nominee prior to the approval of the arrangement, and any remuneration for his services agreed between himself and the company (or the administrator or liquidator, as the case may be) or the debtor (or the Official Receiver or trustee, where the debtor is subject to bankruptcy proceedings);
- Any fees, charges or expenses which:
 - are sanctioned by the terms of the arrangement (see below), or
 - would be payable, or correspond to those which would be payable, in an administration, winding up or bankruptcy (as the case may be).

3.2 The Rules also require the following matters to be stated or otherwise dealt with the proposal (Rule 1.3 for CVAs and Rule 5.3 for IVAs):

- The amount proposed to be paid to the nominee (as such) by way of remuneration and expenses, and
- the manner in which it is proposed that the supervisor of the arrangement should be remunerated and his expenses defrayed

4. The Role of the Creditors

It is for the creditors' meeting to decide whether to agree the terms relating to remuneration along with the other provisions of the proposal. The creditors' meeting has the power to modify any of the terms of the proposal (with the consent of the debtor in the case of an IVA), including those relating to the fixing of remuneration. The nominee should be prepared to disclose the basis of his fees to the meeting if called upon to do so. Although there are no further statutory provisions relating to remuneration in voluntary arrangements, the terms of the proposal may provide for the establishment of a committee of creditors and may include among its functions the fixing of the supervisor's remuneration.

5. What Information Should the Creditors Receive?

5.1 Whether the basis of the supervisor's remuneration is determined at the meeting which approves the arrangement or by a committee of creditors, the supervisor, or proposed supervisor should provide details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.2 Where the supervisors' fees are to be agreed by a committee of creditors during the course of the arrangement, the supervisor should provide sufficient supporting information to enable the committee to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case, and should always provide an up to date receipts and payments account. Where the fee is to be charged on a time basis the supervisor should disclose the amount of time spent on the case and the charge out value of the time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case and the functions conferred on the supervisor under the terms of the arrangement. The additional information should comprise a sufficient explanation of what the supervisor has achieved and how it was achieved to enable the value of the exercise to be assessed and to establish that the time has been properly spent on the case.

5.3 Where the basis of the remuneration of the supervisor as set out in the proposal does not require any further approvals by the creditors or any committee of creditors, the supervisor should specify the amount of remuneration he has drawn in accordance with the provisions of the proposal in his subsequent reports to creditors on the progress of the arrangement. 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 charges since the arrangement was approved. He should also provide such additional information as may be required in accordance with paragraph 5.2.

5.4 Where the supervisor 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 supervisor's own firm), they must be disclosed and be authorised by those responsible for approving the remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6. Provision of information – additional requirements.

In any case where the Supervisor is appointed on or after 1 April 2005 s/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 Supervisor 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 Supervisor's appointment, or where s/he has vacated office, the date that s/he vacated office.

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

7. Commissions and Discounts

As a major purchaser of services, Deloitte & Touche LLP as a whole is occasionally able to negotiate enhanced services with preferred suppliers in relation to travel, advertising and other costs. The use of these suppliers may sometimes result in annual commissions being paid to Deloitte & Touche LLP. The reallocation of such commissions to each case is impracticable and this is not done.

8. What if you are Dissatisfied with the Conduct of the Administration Generally?

We hope that you will not have cause to complain about the way our partners and staff conduct their work on what are generally sensitive and emotive issues for creditors affected by the insolvency. Occasionally misunderstandings arise and mistakes are made. Should you have cause to complain or if you would like to discuss how our service could be improved, please let us know by telephoning the person appointed as Supervisor. We undertake to look into any complaint carefully and promptly and to do all we reasonably can to explain the position to you. If you are still not satisfied with the explanations given, you can refer the matter to the RS National Compliance & Risk Partner responsible for investigating any complaints made against our partners and staff. The RS National Compliance & Risk Partner is located in our office at Athene Place, 66 Shoe Lane, London, EC4A 3BQ. If the RS National Compliance & Risk Partner is unable to resolve matters to your satisfaction then you can refer the matters to:

The Professional Standards Office,
Institute of Chartered Accountants in
England & Wales, Silbury Court, 412-
416 Silbury Boulevard, Milton Keynes
MK9 2AF in the case of appointment
takers licensed by the Institute of
Chartered Accountants in England &
Wales. A list of the partners and
appointment taking directors and their
licensing bodies is available from the RS
National Compliance & Risk Partner.

**Holmes 2001 Limited (formerly Holmes Halls Tanners Limited
(Under a Voluntary Arrangement)**

**Supervisor's Abstract Of Receipts And Payments
To 12 July 2006**

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Freehold Land & Property		345,000.00	345,000.00
Book Debts		1,655.52	1,655.52
Insurance Refund		3,250.41	3,250.41
Contribution from Company		510,000.00	510,000.00
Rates Refund		17,271.04	17,271.04
Payment From Hartside Ltd		103,975.78	103,975.78
Bank Interest		72,769.01	72,769.01
	0.00	1,053,921.76	1,053,921.76
PAYMENTS			
Nominees Fees		9,523.00	9,523.00
Nominees expenses		876.93	876.93
Payment to Hartside Ltd		8,896.25	8,896.25
Supervisors Fees		100,000.00	100,000.00
Legal Fees		75,138.92	75,138.92
Legal Fees expenses		185.64	185.64
Professional Fees - Tax Advice		3,300.00	3,300.00
Ongoing Funding		87,500.00	87,500.00
Storage Costs		862.25	862.25
Insurance of Assets		7,496.31	7,496.31
Bank Charges		20.00	20.00
1st & Final Pref Div. 100p in c		72,869.34	72,869.34
VAT Receivable		31,913.82	31,913.82
	0.00	398,582.46	398,582.46
Balances in Hand	0.00	655,339.30	655,339.30
	0.00	1,053,921.76	1,053,921.76

SIP 9 Analysis

6 Months to 6 12 July 2006

Classification of work function	Currency	Partner hours	Value partner hours	Manager hours	Value manager hours	Assistants / Support staff hours	Value other hours	Total hours	Time cost	Average hourly rate
Administration	GBP	0.00	0.00	2.50	580.50	7.00	875.00	9.50	1,455.50	153.21
Unsecured Creditors	GBP	5.00	2,325.00	0.00	0.00	0.00	0.00	5.00	2,325.00	465.00