

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company The Groundwork Trust Limited	Company number 01604493
In the High Court of Justice Birmingham	Court case number 4924 of 2006

(a) Insert full name(s) and address(es) of administrator(s) We Ian J Gould and Matthew D Gibson of New Guild House 45 Great Charles Street Queensway Birmingham B3 2LX

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

	from	to
(b) Insert dates	(b) 22 August 2006	(b) 21 February 2007

Signed

[Signature]
I J Gould
Joint Administrator

Dated 15 March 2007

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.

PKF (UK) LLP	
New Guild House 45 Great Charles Street Queensway, Birmingham B3 2LX	
	Tel 0121 212 2222
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



A14 *ASCGNNW0* 16/03/2007 695
COMPANIES HOUSE



Accountants &
business advisers

TO:
THE HIGH COURT
THE REGISTRAR OF COMPANIES
ALL KNOWN CREDITORS

Our ref: IJG/HJ/4007325/2400

16 March 2007

Dear Sirs

The Groundwork Trust Limited in Administration ("the Company")
High Court No. 4924 of 2006

1. Introduction

- 1.1 I write further to my appointment as Joint Administrator of the Company on 22 August 2006.
- 1.2 This is my first progress report on the Administration of the Company, prepared and distributed in accordance with Rule 2.47 of the Insolvency Rules 1986 ("the Rules"). This report should be read in conjunction with the Administrators' Proposals dated October 2006.
- 1.3 At a meeting of creditors held on 30 October 2006, the Administrators' Proposals, prepared and distributed in accordance with the provisions of Schedule B1 Paragraph 49 of the Insolvency Act 1986 ("the Act") and Rule 2.33 of the Rules were approved and reaffirmed by the duly appointed creditors committee. The following resolutions were also approved by the creditors committee:
 - I. The Administrators do all such things and generally exercise all of their powers as administrators contained in Schedule 1 of the Insolvency Act 1986, as they in their discretion consider desirable or expedient in order to achieve the purposes of the Administration, to protect and preserve the assets of the Company or maximise the realisation of those assets or for any purpose incidental to these proposals.
 - II. That the Administrators, at their sole discretion and at a time they see fit, are empowered to either:

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PKF (UK) LLP | New Guild House | 45 Great Charles St | Queensway | Birmingham | B3 2LX | DX 712080 Birm. 29

Important notice Partners and staff of PKF (UK) LLP acting as administrative receivers or administrators contract without personal liability. All insolvency appointment takers of PKF (UK) LLP are authorised by The Institute of Chartered Accountants in England and Wales, except R Barclay, W Duncan and B Jackson who are authorised by The Institute of Chartered Accountants of Scotland and R Connock who is authorised by The Association of Chartered Certified Accountants.

PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487.

A list of members' names is open to inspection at Farringdon Place, 20 Farringdon Road, London EC1M 3AP, the principal place of business and registered office. PKF (UK) LLP is authorised and regulated by the Financial Services Authority for investment business activities. The PKF International Association is an association of legally independent firms.



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- i. File the necessary returns at Court and with the Registrar of Companies to place the Company into Creditors Voluntary Liquidation pursuant to paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Ian James Gould and Matthew David Gibson (the Joint Administrators) be appointed Joint Liquidators, OR;
 - ii. Make application to Court to end the Administration pursuant to Paragraph 79 of Schedule B1 of the Insolvency Act 1986, following which, the Joint Administrators request that the Company be compulsorily wound-up and Ian James Gould and Matthew David Gibson (the Joint Administrators) may be appointed Joint Liquidators, if they so desire, OR;
 - iii. Summon meetings of the Company and its creditors in accordance with Section 3(2) of the Insolvency Act 1986 to consider a proposal to place the Company into a company voluntary arrangement and that Ian James Gould and Matthew David Gibson (the Joint Administrators) be appointed Joint Supervisors, if they so desire, OR;
 - iv. File the necessary returns at Court and with the Registrar of Companies, or make the necessary application to the Court to extend the period of the Administration for a period not exceeding six months pursuant to paragraph 76 of Schedule B1 of the Insolvency Act 1986.
 - v. In the event that an extension of the Administration is sought under Proposal II(iv) above, the Joint Administrators remain empowered to:
 - a. Proceed with other actions under Proposal II at the appropriate time without further reference to creditors, OR;
 - b. apply to Court to seek a further extension of the Administration in accordance with Paragraph 76(2) of Schedule B1 of the Insolvency Act 1986, OR;
 - c. apply to the Court to seek directions.
- III. That the Joint Administrators shall be remunerated on a time cost basis by reference to PKF (UK) LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration.
- IV. That the Joint Administrators may take such action as they deem fit to disown, disclaim, gift or transfer onerous property in which the Company has interest, or take such steps to limit, curtail or end any obligations or liabilities incurred or to be incurred by the Company in respect of such property at their sole discretion as and when they see fit.
- V. That the Joint Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after filing their final progress report in the Administration.
- VI. That, if thought appropriate, a creditors' committee be formed consisting of Peter Mawdsley representing the Merseyside Pension Fund, Adam Brouard representing himself and Roderick Anders representing St Helen's Council.
- 1.4 I am in the process of agreeing the preferential claims in respect of holiday pay outstanding to employees. It is anticipated the preferential creditors will receive payment in full, once these claims are finalised.

1.5 I anticipate that there will be a return to unsecured creditors in this matter, however, the timing and quantum of which is dependant upon the continued collection of book debts, the disposal of the land and buildings, the receipt and agreement of the unsecured claims, in particular any claims that may be received in respect of the Company's pension shortfall and any claims that may be received from employees for protective awards. The above is discussed further in Sections 4 and 6 below.

1.6 I also enclose the following for your information:

- | | | |
|------------|---|----------------------------------------------------------------------------------|
| Appendix A | - | Form 2.24B Administrators' progress report. |
| Appendix B | - | Summary receipts and payments account to 21 February 2007. |
| Appendix C | - | Estimated outcome statement dated 21 February 2007. |
| Appendix D | - | Analysis of PKF (UK) LLP's time costs in the Administration to 21 February 2007. |
| Appendix E | - | A schedule of Administrators' charge out rates. |
| Appendix F | - | A Creditor's guide to Administrators' fees. |

2. Rule 2.47 of the Insolvency Rules 1986

2.1 The provisions of the above rule oblige me to provide you with the following information, all of which has been provided previously:

- The Administration order was made in the High Court of Justice, Chancery Division, Birmingham District Registry, on 22 August 2006 under the case reference 4924 of 2006.
- The Company's registered office is situated at New Guild House, 45 Great Charles Street, Queensway, Birmingham, B3 2LX and its registered number is 01604493.
- Matthew D Gibson and I were appointed Joint Administrators of the Company on 22 August 2006 by the Directors of the Company. Matthew D Gibson and I are required to exercise all of the powers and functions as Administrators of the Company both jointly and severally.
- To date, no time extensions have been sought.

3. Receipts and Payments Account

3.1 Attached at Appendix B is a summary receipts and payments account covering the period from the date of Administration to 21 February 2007.

3.2 Attached at Appendix C is an estimated outcome statement dated 21 February 2007.

4. Asset Realisations

4.1 Freehold property at Shaw Street, St Helens ("Shaw Street").

My agents, Messrs Edward Symmons, were instructed to market the property at Shaw Street with an asking price of £210,000.

A number of enquiries were received from which 5 viewings took place.

A deadline for bids resulted in an offer of £250,000 being accepted. It is anticipated that the sale will be completed in the next two weeks.

4.2 Freehold property known as Colliers Moss Common ("Colliers Moss")

I am advised by my agents that there is no realisable value in the site at Colliers Moss.

However, I would confirm that negotiations are currently ongoing with St Helens Council who are considering if they could take responsibility for the site with a view to developing it under the Council's "turning wastelands to woodlands strategy".

4.3 Moss Nook Fishery Site ("Moss Nook")

It is understood that Moss Nook has been used on an informal tenancy basis for many years by a local anglers club.

I would advise that my agents are currently in discussions with a party who wish to purchase this site.

4.4 Furniture, Office Equipment and Motor Vehicles

These items were valued collectively by agents at £13,000. Actual realisations totalled £14,710.

4.5 Book Debts

Specialist debt collectors were instructed to pursue monies due under the part completed contracts and projects outstanding at the date of my appointment.

In my October 2006 report it was estimated that £124,515 might be realised. To date £104,152 has been received. The debt collectors continue to pursue the balance.

4.6 Other Realisations

Cash at Bank in the sum of £118,231 was received subsequent to our appointment.

Insurance refunds amounting to £346 have been received.

Bank Interest net of tax, in the sum of £4,618 have been realised to date.

5. Preferential Creditors

5.1 It is anticipated that preferential claims for holiday pay and wage arrears from employees and the Redundancy Payments Office will total in the region of £15,000.

5.2 As and when a final claim is submitted by the Redundancy Payments office, subject to it being agreed, the claims of the preferential creditors will be paid in full.

6. Non-Preferential Creditors

6.1 Based on present information, it is anticipated that there will be a return to unsecured creditors in this matter, however, the timing and quantum of any return is still dependant upon final book debt realisations, the disposal of the land and buildings referred to in Section 4 above, the receipt and agreement of the unsecured claims, in particular any claims that may be received in respect of the Company's pension shortfall and any claims from employees for protective awards.

7. Administrators Remuneration and Disbursements

- 7.1 Time costs incurred from the date of Administration to 21 February 2007 amount to £89,229, which represents 619 hours at an average hourly rate of £144. A detailed analysis of the time costs is attached to this report at Appendix D, together with a summary of Administrators' charge-out rates, at Appendix E.
- 7.2 These amounts are derived by reference to PKF (UK) LLP's normal rates for time properly given by me and my staff in attending to matters arising in this insolvency. Where members of my staff have been employed on this insolvency they have been so based on their experience and abilities in dealing with a case of this nature. Where appropriate, certain staff dealt with a specific area of the Administration due to their specialist skills in that area. I should advise you that our scale rates increase from time to time over the period of the administration of each insolvency. All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.
- 7.3 I would advise that PKF (UK) LLP have not drawn fees to date in respect of these time costs, despite receiving approval from the creditors' committee.
- 7.4 I attach an extract from the Statement of Insolvency Practise 9, A Creditors; Guide to Administrators' Fees, for your reference at Appendix F.
- 7.5 The estimates for further costs and disbursements to be charged to the estate in concluding the Administration are shown in the estimated outcome statement attached at Appendix C.
- 7.6 Disbursements charged to the estate to 21 February 2007 amount to £72,919 and are detailed as follows:

Disbursement	Amount £
Debt collection fees	25,822
Agency / Values fees & disbursements	6,776
Administrative wages & salaries	13,868
General office expenses	19
Legal fees & disbursements	15,766
Security / Burglar alarm	184
Telephone & fax	1,308
External Photocopying & postage	433
Motor & Travel	61
Storage & site clearance	7,115
Bank charges	140
Other property expenses	1,427
	<hr/>
	72,919
	<hr/>



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8. Closing Remarks

- 8.1 I trust you find this report sufficiently provides you with an update of the position of the Administration of the Company, however, should you require any further information please do not hesitate to contact Kaye O'Reilly or Helen Jones of this office.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ian J Gould'.

Ian J Gould
Joint Administrator

Enc

APPENDIX A

FORM 2.24B ADMINISTRATORS PROGRESS REPORT

APPENDIX B

**SUMMARY RECEIPTS AND PAYMENTS ACCOUNT
TO 21 FEBRUARY 2007**

The Groundwork Trust Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 21/02/2007

S of A £		£	£
	ASSET REALISATIONS		
210,000.00	19-27 Shaw St, St Helens	NIL	
1.00	Colliers Moss (Northside)	NIL	
14,710.00	Furniture, Equipment & Motor Vehicles	9,910.00	
	Motor Vehicles	4,800.00	
125,000.00	Book Debts	104,152.47	
5,000.00	VAT Refund	NIL	
	Insurance Refund	346.03	
118,232.00	Cash at Bank	118,231.52	
	Bank Interest Net of Tax	4,618.16	
			242,058.18
	COST OF REALISATIONS		
	Wages & Salaries	13,867.89	
	Book debt collection fees	25,821.83	
	Agents/Valuers Fees	6,776.21	
	General office expenses	19.55	
	Legal Fees	15,766.02	
	Security/ Burglar Alarm	184.05	
	Telephone Telex & Fax	1,307.80	
	External Photocopying & Postage	432.83	
	Motor & Travel	60.95	
	Storage Costs	7,114.70	
	Other Property Expenses	1,427.00	
	Bank Charges	140.00	
			(72,918.83)
	PREFERENTIAL CREDITORS		
(12,841.00)	Employees Holiday Pay	NIL	
			NIL
	UNSECURED CREDITORS		
(723,731.00)	Trade & Expense Creditors	NIL	
(109,263.00)	Redundancy & Pay in Lieu of Notice	NIL	
(700,000.00)	Pension Scheme	NIL	
(65,000.00)	Protective Award	NIL	
			NIL
(1,137,892.00)			169,139.35
	REPRESENTED BY		
	VAT Receivable		5,545.34
	Bank 1 - Current		164,904.70
	Pension Contributions		(1,310.69)
			169,139.35

APPENDIX C

**ESTIMATE OUTCOME STATEMENT
AS AT 21 FEBRUARY 2007**

21 Feb 07

The Groundwork Trust Limited in Administration

Estimated outcome statement

	Realised/ (Paid) to date £	Estimated future movements £	Estimated final outcome £	Estimated outcome 27 Oct 06 £
Unencumbered assets				
Freehold property - Shaw Street	-	250,000	250,000	210,000
Freehold property - Moss Nook Fisheries	-	2,000	2,000	-
Furniture, equipment and motor vehicles	14,710	-	14,710	14,710
Book debts	104,152	21,000	125,152	124,515
Cash at bank	118,232	-	118,232	118,232
VAT reclaim	-	-	-	-
Insurance refund	346	-	346	-
Bank Interest - net	4,618	-	1,844	-
	<u>242,058</u>	<u>273,000</u>	<u>512,284</u>	<u>467,457</u>
Costs of administration and realisation				
Book Debt Collection Fee	25,822	-	25,822	-
Administrative wages/salaries	13,868	-	13,868	13,868
Office holders' fees	-	90,000	90,000	80,000
Legal fees and disbursements	15,766	25,000	40,766	15,000
Agents/Valuers fees and disbursements	6,776	10,000	16,776	10,000
Insurance	-	20,000	20,000	15,000
Storage costs and clearance of site	8,542	1,458	10,000	10,000
Other sundry costs	2,145	2,855	5,000	5,000
	<u>72,919</u>	<u>149,313</u>	<u>222,232</u>	<u>148,868</u>
Amounts available to preferential creditors	169,139	123,687	290,052	318,589
Preferential creditors				
Holiday pay arrears	-	15,000	15,000	15,000
	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Amounts available to unsecured creditors	169,139	108,687	275,052	303,589
Estimated Unsecured creditors				
Trade and expense		723,731		
HM Revenue & Customs - PAYE and NIC		11,000		
Pension Fund shortfall		708,000		
Redundancy		45,000		
Lieu of notice		65,000		
Protective award		65,000		
			(1,617,731)	
Estimated (shortfall) as regards unsecured creditors			(1,342,679)	
Estimated return to unsecured creditors (p in the £)			17.00	

NB. This estimated outcome statement excludes the costs of distribution and the costs of any subsequent insolvency proceedings.

APPENDIX D

**ANALYSIS OF PKF (UK) LLP'S TIME COSTS
IN THE ADMINISTRATION TO 21 FEBRUARY 2007**

Client: 4007325 Groundwork Trust Limited - In Administration Time Analysis from 22 August 2006 to 21 February 2007

Grade:	Partner / Director	Manager	Supervisor / Senior Administrator	Administrator / Assistant	Total
Narrative	Amount (£)	Hours	Amount (£)	Hours	Amount (£)
Phase Tasks	Code	Amount (£)	Hours	Amount (£)	Hours
Partner/Senior Manager Review	CR000	216.00	0.75		
Planning & Monitoring	CR002	144.00	0.50		
Cashiering Function Generally	CR004	0.00	0.00		
Office Holders Tax Liabilities	CR006	67.00	0.20		
Creditors/Liquidation Committee	CR007	335.00	1.00		
CDDA 1986 Work	CR008	603.00	1.80		
Official Receiver/DTI/Court	CR009	0.00	0.00		
Secured Creditors (reporting/accounting for funds, etc)	CR010	0.00	0.00		
Partly Secured Creditors (including of lease and HP)	CR011	0.00	0.00		
Non Preferential Creditors	CR013	0.00	0.00		
Employee Claims	CR014	911.00	3.00		
Fixed Asset Realisation	CR015	993.25	3.00		
Stock Realisations	CR016	0.00	0.00		
Book Debt Realisations	CR017	599.50	2.00		
Other Asset Realisations	CR018	418.75	1.25		
Post Appointment Trading	CR019	0.00	0.00		
Insurance & Bonding	CR020	0.00	0.00		
Legal Correspondence/Litigation	CR021	576.00	2.00		
General Administration (including travelling)	CR023	1,972.75	6.45		
Statutory Compliance (including CRO returns etc)	CR024	2,465.50	7.50		
Pre Appointment Work (including investigation work)	CR025	0.00	0.00		
Investigations	CR033	0.00	0.00		
Liasing with Agents/Solicitors/Other Professionals	CR036	288.00	1.00		
Annual/Periodic Reporting/Meeting (ie S48 or S105)	CR038	144.00	0.50		
Preparation of Information/Sales Memorandum	CR041	0.00	0.00		
Negotiations/Discussions with Prospective Purchasers	CR042	1,210.75	4.00		
ROT Claims	CR045	0.00	0.00		
Review of IVA/CVA Proposals	CR047	2,016.00	7.00		
Total Actual Costs:		12,960.50	41.95	24,551.49	141.77
			37,180.70	284.20	89,228.80
				151.82	619.74

APPENDIX E

A SCHEDULE OF ADMINISTRATORS CHARGE OUT RATES

Schedule of Office Holders' Charge-out Rates

The table detailed below sets out the current charge-out rates utilised by PKF (UK) LLP in the Midlands for charging staff time.

Partner / Director	£250 - £335 per hour
Manager	£160 - £235 per hour
Supervisor / Senior Administrator	£130 - £140 per hour
Administrator	£35 - £120 per hour

It should be noted that the above rates increase from time to time over the period of the administration of each insolvency case. These rates apply from 1 November 2006.

APPENDIX F

A CREDITORS GUIDE TO ADMINISTRATORS' FEES

A 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

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.

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