

The Insolvency Act 1986  
Statement of Administrator's  
Proposals  
Pursuant to Section 23(1)(a) of  
the  
Insolvency Act 1986

# S.23(1)(a)

For Official Use

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Company Number

1654321

To the Registrar of Companies

Insert full name of  
company

Name of Company

Servosteel Limited

Insert full name and  
address

I/We Andrew Philip Peters  
Four Brindleyplace  
Birmingham  
B1 2HZ

William Kenneth Dawson  
201 Deansgate  
Manchester  
M60 2AT

administrator(s) of the company attach a copy of my/our proposals for achieving the  
purposes set out in the administration order filed herein. A copy of these proposals was  
sent to all known creditors on:

Insert date

22 August 2003

Signed

APP. 1.1

Dated

22/09/03

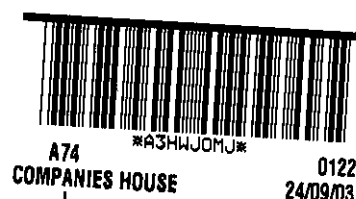
Presenter's name,  
address and reference  
(if any)

SERV02B  
Servosteel Limited  
  
Andrew Philip Peters  
Deloitte & Touche LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

For Official Use

Insolvency Section

Post Room



**TO ALL KNOWN CREDITORS**

Our Ref: Peters/55282/GWAM/JH/FEK/M

22 August 2003

Dear Sirs

**David Fabb (Holdings) Limited, trading as -**

**Jones of Oswestry**

**Hornsey Gates**

**Sidney Smith Castings**

**Phoenix Metal Products**

**Fairmile Fencing**

**Servosteel Limited**

**Stourbridge Stockholders Limited**

**Offa Industries (Broome) Limited**

**Brockway Conveyors Limited**

**Daimic Limited**

**Bentall Rowlands Industries Limited**

**Fairmile Fencing Systems Limited**

**("the Group") - All in Administration**

**Report to the Creditors pursuant to Section 23 of the Insolvency Act 1986 ("the Act")**

**1. Introduction**

On 13 June 2003 Andrew Philip Peters and William Kenneth Dawson were appointed joint administrators of each of the Group companies pursuant to administration orders made by His Honour Judge Howarth sitting in the Manchester District Registry at Liverpool.

In respect of each Group company the purposes for which an administration order was made are:-

1. the approval of a voluntary arrangement with its creditors under part 1 of the Insolvency Act 1986;
2. a more advantageous realisation of the company's assets than would be effected on a winding up.

There has been no subsequent variation of these purposes.

This report should be read in conjunction with the Administrators' statement of proposals attached at Appendix III.

**Deloitte  
& Touche  
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, Reading, St Albans and Southampton.

IMPORTANT NOTICE: Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown all appointment taking partners and directors are authorised by the Institute of Chartered Accountants in England and Wales.

Deloitte & Touche LLP is a limited liability partnership registered in England and Wales with registered number OC303675.

A list of members' names is available for inspection at Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, United Kingdom, the firm's principal place of business and registered office.

Deloitte & Touche LLP is authorised and regulated by the Financial Services Authority.

The Administrators' proposals are to be considered by the creditors of the Group companies at a meeting called as required by Section 23 of the Insolvency Act 1986. This meeting will be held at 11.00 am on Wednesday 10 September 2003 at the Holiday Inn, Smallbrook Queensway, Birmingham. Formal notice calling that meeting is enclosed.

The purpose of the meeting is to consider and, if thought appropriate, to approve the Administrators' proposals for achieving the purposes set out in the Administration Orders made on 13 June 2003. Modifications to the proposals may be suggested by creditors and will receive the full consideration of the Administrators.

Additionally, creditors will be invited at the meeting to establish a creditors' committee for each Group company to assist the Administrators. Creditors should note that resolutions regarding the Joint Administrators' remuneration might also be passed at this meeting. Attached as Appendix VIII are detailed guidance notes relating to the setting of an Administrator's remuneration.

### **Enclosures**

Attached to this letter are:

### **Appendices**

Statutory Information	I
Group Structure, Activities and Estimated Financial Position	II
The Administrators' Proposals	III
Formal Notice of the Meeting	IV
Proxy Form and Resolutions	V
Claim for Voting Purposes	VI
Administrators' Timecosts	VII
Guidance Notes relating to an Administrator's fees	VIII

## **2. Statutory information**

Please see Appendix I.

## **3. Background and Events Leading up to the Administration Order**

Appendix II details the Group structure and the activities of each of the Group companies

The holding company for the Group is David Fabb (Holdings) Limited ("Holdings"). Holdings has three directors, David Fabb, Pauline Joy Bailey and Antony James Beard. Mr Fabb owns 100% of the shares.

Holdings has trading subsidiary companies, trading divisions and dormant subsidiary companies, details of which are set out in appendix II.

The original business of steel processing was carried out by Servosteel Limited which commenced trading in 1983. Thereafter, the Group has expanded into further metal and manufacturing businesses through acquisition of complementary businesses either as share purchases or through the acquisition of businesses and assets from Administrative Receivers and Administrators. The following businesses have been acquired:

	Company Number	Date of Incorporation	Date of Acquisition
Daimic Limited ("Daimic")	1484421	11/3/1980	Not known
Sidney Smith Castings Limited ("Castings")	3212499	14/6/1996	1996
Esk Steel Strip Limited ("Esk")	3087733	31/3/1999	1999
Brockway Conveyors Limited ("Brockway")	3746304	13/3/1999	1999
Jones of Oswestry Limited ("Jones")	3497237	22/1/1998	1999
Hornsey Gates Limited ("Hornsey")	4248112	09/7/2001	June 2001
Offa Industries (Broome) Limited ("Offa")	161786	16/7/1982	March 2002
Stourbridge Stockholders Limited ("Stockholders")	529287	17/2/1954	May 2002
Fairmile Fencing Systems Limited ("Fairmile")	4514573	19/8/2002	May 2002
Bentall Rowlands Industries Limited ("Bentall")	4677250	25/2/2003	March 2003
Phoenix (Trading division of Holdings)	N/a	N/a	March 2003

All the above are wholly owned subsidiaries of Holdings, some trading and some dormant (refer to appendix II for details), with the exception of Brockway which is owned by Mrs P Bailey.

The dormant companies continue to exist primarily for name protection purposes.

The expansion of the Group was driven by the purchase of businesses engaged in the manufacture of various items using steel. This allied them to the original Servosteel business and they used a number of common suppliers and manufacturing processes. In addition several freehold properties were acquired. These sites were intended to be rationalised to enable some sites to be sold for development purposes, subject to planning.

The Group's recent acquisitions were insolvent businesses acquired from Administrators and Receivers and have required considerable work to assimilate them into the Group. Five businesses were purchased in the 16 months prior to Administration.

The recent purchases of businesses, together with associated rationalisation/reorganisation costs, placed an enormous strain on the Group's cash flow resources.

The available funding was provided by a number of lenders, although the majority was from GMAC Commercial Finance plc ("GMAC") through a loan facility of £7million together with invoice discounting facilities provided against many of the Group's sales ledgers.

The next largest lender Lloyds TSB Commercial Finance Limited ("LTSBCF") provided an invoice discounting facility against the Fairmile sales ledger and a property loan of £1.6million in respect of the property from which Fairmile trades.

National Westminster Bank plc ("NatWest") provided Holdings, Daimic, Servosteel and Stockholders with a total overdraft facility of £150,000 and a loan account of £165,000, Barclays Bank Plc provided Offa with an overdraft facility of £120,000 and a loan account of £277,000, and Northern Rock Plc and West Bromwich Building Society provided secured loans to purchase various Group properties.

After the purchase of the Fairmile business in May 2002 GMAC entered into an invoice discounting arrangement with Holdings in order to advance funds to its Fairmile division. In 2003 the directors negotiated an invoice discounting arrangement with LTSBCF to take over the invoice discounting arrangement from GMAC relating to the Fairmile business. GMAC believed that this would be from 1 April 2003. LTSBCF believed the transition would take place as at 1 February 2003. In February and March 2003 the Group sent both parties the same invoices and both parties advanced funds against the same invoices. The value of the invoices was £1.8 million and advances made were £2.6 million in total by both lenders.

The discovery of the above together with other financial irregularities caused the Group's main funders to lose confidence in the Group's management and they became unwilling to advance further funds. These matters are currently being investigated further by the Administrators. Management then attempted to find alternative funding for the Group businesses. The Group's short term cashflow forecast showed an immediate requirement well above the Group's current facilities and management were not able to find any alternative funders in the required timescale. The Directors, therefore, applied to the Court for an Administration Order in relation to each of the Group companies.

#### **4. Events Subsequent to the Administration Order**

##### **Initial Administration Strategy**

The initial strategy was to continue to trade the Group businesses and advertise the businesses for sale whilst simultaneously allowing the Directors to prepare a CVA proposal which could be put to creditors.

The businesses were advertised in the Financial Times, Metal Bulletin and the Economist and the European Financial Times. This provided a large number of interested parties for both individual companies and for the Group as a whole.

The trading of the Group businesses was controlled by Administrators' staff based at the Group Head Office at Stourbridge together with additional staff at each of the individual sites.

Trading was financed through continuation of the existing invoice discounting arrangement with LTSBCF in respect of Fairmile and factoring with GMAC in respect of the other Group companies.

## **Progress**

The majority of the businesses continue to be traded whilst interest is pursued. However, due to continued losses being incurred, Daimic Ltd and Sidney Smith Castings have been closed down. Interest remains in Daimic Ltd which is currently being pursued, however, no interest was shown for Sidney Smith Castings.

The Directors have not provided a CVA proposal.

If the Administrators' proposals are approved, trading will continue to be financed through the invoice discounting and factoring arrangements noted above.

## **Realisations to Date**

### ***Sale of Business***

Brockway Conveyors Ltd was sold to John Noble, a former director of Brockway Conveyors Ltd, on 18 July 2003 for consideration of £61,827. This was the best of several offers received and above our agents' forced sale valuation. This business has now been moved off the Stourbridge site.

Bentall Rowlands Ltd was sold to GB International Trucks (Overseas) Ltd, an unconnected party, on 29 July 2003 for a consideration of £140,000. This was higher than the other offers received and was above our agents' forced sale valuation.

The remaining businesses are being traded whilst potential bidders for the whole of the remaining Group perform due diligence. Given the confidential nature of the proposed transaction and the competitive situation it would not be appropriate or in the interests of creditors, at this sensitive stage, to disclose any valuations, offers or likely dividends. All the prospective purchasers carrying out due diligence work are aware that certain of the Group's properties carry development potential.

### ***Debtor Realisations***

The book value of debts as at the date of our appointment was £7.1 million. Realisations to 20 August 2003 are as follows :

	£'000s
Holdings	1,090
Servosteel	563
Fairmile	955
Brockway	63
Offa	90
Stockholders	100
Bentall Rowlands	70
	<hr/>
	2,931
	<hr/>

## 5. Directors' Statement of Affairs

We have served notice on the directors that they were required under the provisions of the Insolvency Act 1986 to prepare Statements of Affairs for each company. These have not yet been received.

As at the date of the Administration Orders, up-to-date management accounts were not available. We have indicated the latest available estimated book value of assets in Appendix II, creditors details are shown below.

## 6. Secured, Preferential and Unsecured Creditors

Sums due to creditors as shown by the companies' books are as follows:

	Holdings	Servo- steel	Fairmile	Brockway	Offa	Stock- holders	Bentall Rowlands	Daimic
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Secured Lenders</b>								
GMAC	11,350							
LTSBCF	1,487		2,933					
LTSB				6				
Natwest	165	90						
Barclays					353			
Northern Rock	434							
West Bromwich	1,389							
<b>Preferential Creditors</b>								
PAYE / NI	925	223	70	21	16	31	73	54
VAT	257			23	15	29	(57)	
Employees	20	15					16	10
<b>Unsecured Creditors</b>	<b>3,339</b>	<b>1,808</b>	<b>1,124</b>	<b>129</b>	<b>64</b>	<b>85</b>	<b>389</b>	<b>46</b>

The secured lending is subject to complex priority arrangements and cross-guarantees between Group companies. As such the information above should be taken as a guide only and may be subject to considerable adjustment including any claims under cross-guarantees.

We are currently unable to give any likely dividend prospects as this could prejudice successful completion of the offers currently being considered.

## **7. Administrators' proposals**

The Administrators propose that:-

1. The Administrators continue to manage the affairs, business and property of the Group with a view to achieving the purposes for which the Administration Orders were made.
2. We will continue to investigate and, if appropriate, pursue any claims that the Group companies may have under the Companies Act 1985 or the Insolvency Act 1986.
3. The Administration Orders remain in force pending the purposes for which the Administration Orders were made being achieved.
4. Following realisation of the Group's assets and quantification of its liabilities a meeting of the Group's creditors be convened for the purpose of placing the Group into Creditors Voluntary Liquidation should funds be available for a dividend to the unsecured creditors. In the event that no funds are available, the Administrators will petition to the court for the Compulsory Winding Up of the Group and seek their discharge.

A creditors committee may be formed for each of the Group companies if three or more creditors are prepared to serve on it.

The following resolution is to be considered by either the creditors committee, or in the event that a committee is not formed, the creditors in general.

- The remuneration of the Administrators shall be fixed by reference to the time properly given by the Administrators, and their staff, in attending to matters arising in the Administration at the charge out rates for work of this nature, and approval is hereby given to allow the Administrators to draw such fees on account from time to time.

There is no other information which the Administrators consider necessary to enable creditors to decide whether or not to vote for the adoption of the Administrators' proposals.

## **8. Administrators' Remuneration**

The allocation of the Administrators' time spent and actual costs as at 15 August 2003 is shown in Appendix VII. A creditor's vote on this matter can be either by proxy or at the meeting. A proxy form is attached for this purpose.



## 9. Voting Procedure

The voting procedures laid down in the Act and the Insolvency Rules 1986 are complicated. If, therefore, you wish to support the Proposals, it is important to comply with the following procedures: -

- (i) Details in writing, of the debt that is claimed to be due from the Company must be provided to the Joint Administrators at the offices of Deloitte & Touche by 12 noon on 9 September 2003. A proof of debt form is enclosed for completion. **A separate proof of debt is required for each company** where you are making a claim.
- (ii) If you wish to attend the meeting in person you still have to submit written details of your claim. Please note that a business entity cannot attend the meeting in person and must therefore appoint a proxy holder. The proxy form must be lodged with the Joint Administrators at the offices of Deloitte & Touche by the date of the meeting. **A separate proxy form must be lodged for each company** where you wish to vote.
- (iii) If you do not wish to attend the meeting, but wish to cast a vote, you should complete the enclosed Form of Proxy, in favour of the Chairman, together with the resolutions showing how you wish to vote. The Joint Administrators must receive these at the offices of Deloitte & Touche by the date of the meeting. **A separate Form of Proxy is required for each company** where you wish to vote.
- (iv) You are entitled on the Proxy Form to nominate a Proxy to attend the meeting in your place. Alternatively, you can nominate the Chairman of the meeting to act as your Proxy.

## **10. Conclusion**

The Administrators' proposals are based upon their analysis that realisations for all creditors will be enhanced by the disposal of the Group's businesses and assets as a going concern.

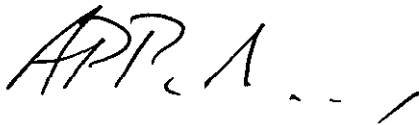
Negotiations are continuing with prospective purchasers and are at a sensitive stage. It is not appropriate to provide detailed estimates of realisations from this at this stage.

The Administrators are regrettably thus unable to determine at this time the size and timing of any distribution to either preferential or unsecured creditors.

The Administrators consider that their proposals will provide the best return to creditors and accordingly, the Administrators' recommend their proposals be accepted at the creditors meeting on 10 September 2003.

If you have any questions which you wish to discuss prior to the meeting please contact me or my colleague Greig Mitchell.

Yours faithfully  
For and on behalf of the Group

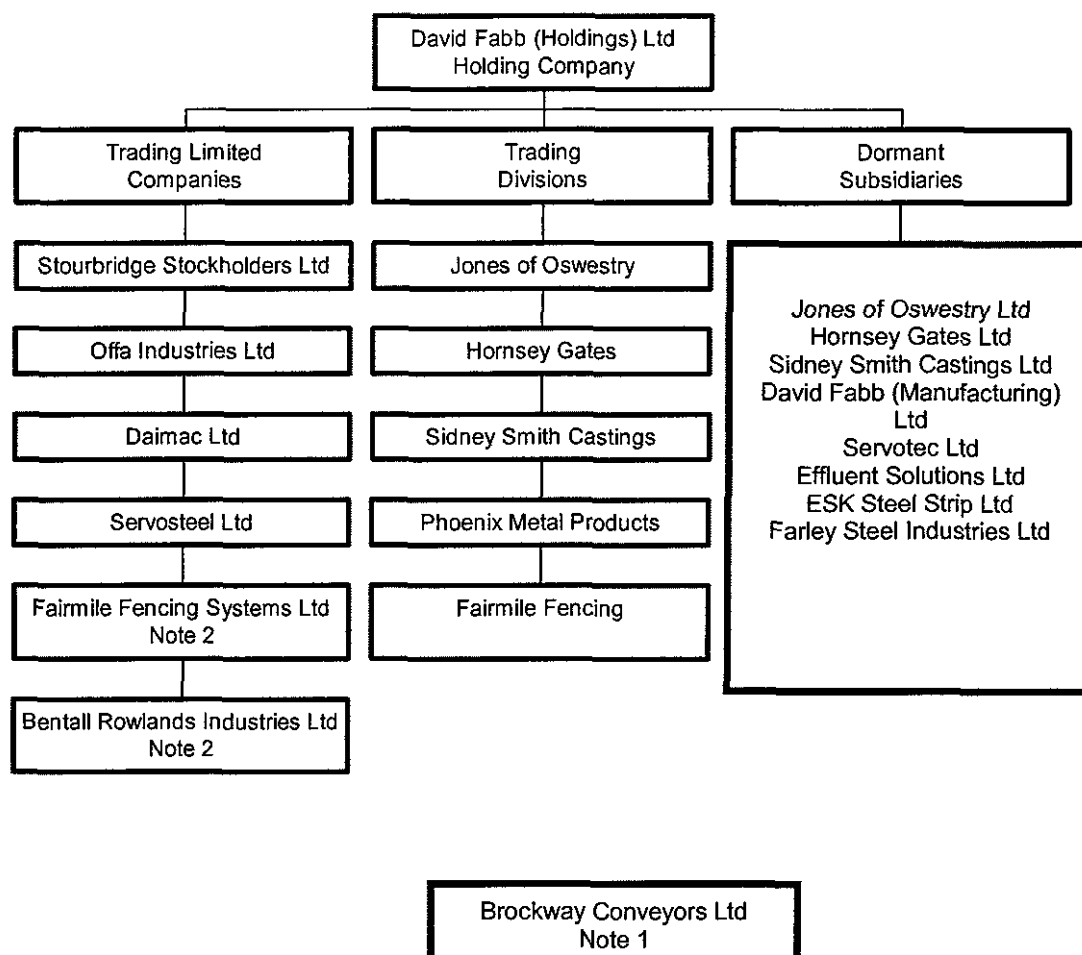
A handwritten signature in black ink, appearing to read 'A P Peters', followed by a horizontal line and a diagonal slash.

**A P Peters**  
Joint Administrator

## APPENDIX I STATUTORY INFORMATION

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## 1. GROUP STRUCTURE



*Note 1 - Owned by Mrs P Bailey*

*Note 2 - No details filed at Companies House*

## 2. GROUP ACTIVITIES

	Activity
<b>David Fabb (Holdings) Ltd</b>	
Holdings	Holding Company
Jones of Oswestry	Design and manufacture of bespoke handling equipment and heavy steel fabrications plus galvanising facilities
Hornsey Gates	Field gates and sheep hurdle manufacturing
Sidney Smith	Grey and ductile castings
Phoenix Metal Products	Manufacture of steel rolled formed sections used in partitioning, dry-walling and plastering industries. Manufacture of cold formed systems for suspended ceilings.
Fairmile Fencing	Specialist manufacturers of fencing and gates for the public authority, utility and industrial markets
<b>Servosteel Ltd</b>	Stockholding, slitting, decoiling, pickling and shearing facilities
<b>Stourbridge Stockholders Ltd</b>	Shearing and batch sheet pickling
<b>Offa Industries Ltd</b>	Field gates, feeders and troughs for the farming industry
<b>Daimic Ltd</b>	Bay Tree restaurant in Edgbaston
<b>Bentall Rowlands Industries Ltd</b>	Manufacture of grain silos and custodial products
<b>Fairmile Fencing Systems Ltd</b>	Specialist manufacturers of fencing and gates for the public authority, utility and industrial markets
<b>Brockway Conveyors Ltd</b>	Specialist in manufacturing rollers

## 3. ESTIMATED FINANCIAL POSITION

*Book Value of Assets*

	David Fabb Holdings £'000	Servosteel £'000	Fairmile Fencing £'000	Brockway £'000	Offa £'000	Stourbridge Stockholders £'000	Bentall Rowlands £'000	Daimic £'000
<b>Fixed Assets</b>								
Property	13,454	0	0	0	185	738	0	0
Plant & Machinery	9,469	0	0	102	39	82	0	155
Other	603	0	0	7	13	7	0	0
	<b>23,526</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>237</b>	<b>827</b>	<b>0</b>	<b>155</b>
<b>Current Assets</b>								
Stock	930	110	0	60	111	5	200	12
Debtors	2,329	1,802	1,836	110	101	227	674	0
Intercompany	101	7,260	0	0	136	0	0	0
Prepayments	310	217	0	21	1	16	93	6
	<b>3,670</b>	<b>9,389</b>	<b>1,836</b>	<b>191</b>	<b>349</b>	<b>248</b>	<b>967</b>	<b>18</b>
<b>Total Assets</b>	<b>27,196</b>	<b>9,389</b>	<b>1,836</b>	<b>300</b>	<b>586</b>	<b>1,075</b>	<b>967</b>	<b>173</b>

**Notes**

All figures are estimated book values as at the latest available date. These may vary significantly from the Statement of Affairs.

Fixed assets, stock, intercompany and prepayment figures are book values taken from January management accounts.

Other fixed assets represents goodwill, investments, motor vehicles and office equipment

Debtors have been taken from Company records as at 13 June 2003.

**DAVID FABB (HOLDINGS) LIMITED, (TRADING AS  
JONES OF OSWESTRY, HORNSEY GATES,  
SIDNEY SMITH CASTINGS,  
PHOENIX METAL PRODUCTS,  
FAIRMILE FENCING)  
SERVOSTEEL LIMITED  
STOURBRIDGE STOCKHOLDERS LIMITED  
OFFA INDUSTRIES (BROOME) LIMITED  
BROCKWAY CONVEYORS LIMITED  
DAIMIC LIMITED  
BENTALL ROWLANDS INDUSTRIES LIMITED  
FAIRMILE FENCING SYSTEMS LIMITED  
("the Group")**

**ALL IN ADMINISTRATION**

**STATEMENT OF PROPOSALS UNDER SECTION 23  
OF THE INSOLVENCY ACT 1986**

In accordance with Section 23 of the Insolvency Act 1986, Andrew Philip Peters and William Kenneth Dawson, the Joint Administrators of the Group make to the creditors the following proposals for achieving the purposes for which the Administration Orders were made in respect of the Companies on 13 June 2003. These proposals will be put to creditors for approval as a single resolution at a meeting of creditors to be held on 10 September 2003.

**Proposals**

The Administrators proposals are that:-

1.
  - i The Administrators continue to manage the affairs, business and property of the Group with a view to achieving the purposes for which the Administration Orders were made.
  - ii We will continue to investigate and, if appropriate, pursue any claims that the Group companies may have under the Companies Act 1985 or the Insolvency Act 1986.
  - iii The Administration Orders remain in force pending the purposes for which the Administration Orders were made being achieved.
  - iv Following realisation of the Group's assets and quantification of its liabilities a meeting of the Group's creditors be convened for the purpose of placing the Group into Creditors Voluntary Liquidation should funds be available for a dividend to the unsecured creditors. In the event that no funds are available, the Administrators will petition to the court for the Compulsory Winding Up of the Group and seek their discharge.
2. The remuneration of the Administrators shall be fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration at the charge out rates for work of this nature and approval is hereby given to allow the Administrators to draw such fees on account from time to time.
3. A Creditors' Committee be established to exercise the functions conferred on it by or under the Insolvency Act 1986.

**David Fabb (Holdings) Limited (trading as  
Jones of Oswestry  
Hornsey Gates  
Sidney Smith Castings  
Phoenix Metal Products  
Fairmile Fencing)  
Servosteel Limited  
Stourbridge Stockholders Limited  
Offa Industries (Broome) Limited  
Brockway Conveyors Limited  
Daimic Limited  
Bentall Rowlands Industries Limited  
Fairmile Fencing Systems Limited  
(All In Administration)**

Notice is hereby given that a meeting of creditors of the above named companies will be held at The Holiday Inn Hotel, Smallbrook Queensway, Birmingham, B5 4EW on Wednesday, 10 September 2003, at 11.00 a.m. to consider the Administrators' proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee.

A proxy form is enclosed which should be completed and returned by the date of the meeting if needed. Whether attending the meeting in person and/or voting by proxy, in order to be entitled to vote at the meeting you must give to us, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Andrew Philip Peters  
Joint Administrator

Date: 22 August 2003



RULE 8.1 INSOLVENCY ACT 1986  
PROXY (ADMINISTRATION)

- \* David Fabb (Holdings) Limited  
(t/a Jones of Oswestry  
Hornsey Gates  
Sidney Smith Castings  
Phoenix Metal Products  
Fairmile Fencing)
- \* Servosteel Limited
- \* Stourbridge Stockholders Limited
- \* Offa Industries (Broome) Limited
- \* Brockway Conveyors Limited
- \* Daimic Limited
- \* Bentall Rowlands Industries Limited
- \* Fairmile Fencing Systems Limited

Notes to help completion of the form - \* Please delete as applicable, copy and provide a separate form for each company

Please give full name and  
address for communication

Name of creditor \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please insert name of person  
(who must be 18 or over) or the  
"chairman of the meeting" (see  
note below). If you wish to  
provide for alternative proxy-  
holders in the circumstances  
that your first choice is unable  
to attend please state the  
name(s) of the alternatives as  
well

Name of proxy-holder \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please delete words in brackets  
if the proxy-holder is only to  
vote as directed ie he has no  
discretion

I appoint the above person to be my/the creditor's proxy-holder at the  
meeting of creditors to be held on 10 September 2003, or at any  
adjournment of that meeting. The proxy-holder is to propose or vote  
as instructed below [and in respect of any resolution for which no  
specific instruction is given, may vote or abstain at his/her discretion]

Voting instructions for resolutions

1. For the acceptance/rejection of the Administrators'  
proposals/revised proposals as circulated.

2. For the appointment of: \_\_\_\_\_  
of \_\_\_\_\_

representing \_\_\_\_\_

as a member of the creditors' committee

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the  
creditor has not signed in  
person

Position with creditor or relationship to creditor or other authority for  
signature \_\_\_\_\_

Remember: there may be resolutions on the other side of this form.

**\*DAVID FABB (HOLDINGS) LIMITED, (TRADING AS JONES OF  
OSWESTRY, HORNSEY GATES, SIDNEY SMITH CASTINGS, PHOENIX  
METAL PRODUCTS, FAIRMILE FENCING)**

**\*SERVOSTEEL LIMITED**

**\*STOURBRIDGE STOCKHOLDERS LIMITED**

**\*OFFA INDUSTRIES (BROOME) LIMITED**

**\*BROCKWAY CONVEYORS LIMITED**

**\*DAIMIC LIMITED**

**\*BENTALL ROWLANDS INDUSTRIES LIMITED**

**\*FAIRMILE FENCING SYSTEMS LIMITED**

**- IN ADMINISTRATION**

**\* - delete as appropriate, copy and provide a separate form for each company**

## **RESOLUTIONS**

Please delete as appropriate:-

1. The Administrators' proposals as set out in the statement circulated to creditors of the Company pursuant to Section 23 Insolvency Act 1986, namely that:
  - i The Administrators continue to manage the affairs, business and property of the Group with a view to achieving the purposes for which the Administration Orders were made.
  - ii We will continue to investigate and, if appropriate, pursue any claims that the Group companies may have under the Companies Act 1985 or the Insolvency Act 1986.
  - iii The Administration Orders remain in force pending the purposes for which the Administration Orders were made being achieved.
  - iv Following realisation of the Group's assets and quantification of its liabilities a meeting of the Group's creditors be convened for the purpose of placing the Group into Creditors Voluntary Liquidation should funds be available for a dividend to the unsecured creditors. In the event that no funds are available, the Administrators will petition to the court for the Compulsory Winding Up of the Group and seek their discharge.

**Accept/Reject**

2. The remuneration of the Administrators shall be fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration at the charge out rates for work of this nature and approval is hereby given to allow the Administrators to draw such fees on account from time to time.

**Accept/Reject**

3. A Creditors' Committee be established to exercise the functions conferred on it by or under the Insolvency Act 1986.

**Accept/Reject**

## NOTICE OF CLAIM

Re: \* David Fabb (Holdings) Limited

(trading as  
Jones of Oswestry  
Hornsey Gates  
Sidney Smith Castings  
Phoenix Metal Products  
Fairmile Fencing)

\* Servosteel Limited

\* Stourbridge Stockholders Limited

\* Offa Industries (Broome) Limited

\* Brockway Conveyors Limited

\* Daimic Limited

\* Bentall Rowlands Industries Limited

\* Fairmile Fencing Systems Limited  
(All In Administration)

\* Please delete as appropriate, copy and provide a separate form for each  
company

I/We \_\_\_\_\_  
of \_\_\_\_\_  
(address) \_\_\_\_\_

claim that the above named company is indebted to me/us in the sum of £ \_\_\_\_\_ for  
(describe goods/services) \_\_\_\_\_ as listed hereunder or as shown  
by the account annexed hereto, for which sum or part thereof I/we have received no  
satisfaction or security whatsoever, save and except as shown below:

Summary of Account (please attach statement)

Date	Invoice number	Goods/ Services	Gross £	VAT £	Net £
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Satisfaction or security received *(please give details)*

Date.....

Signature.....

If a company or firm, print name of signatory.....

Position held.....

## David Fabb (Holdings) Limited - In Administration

## Analysis of Time Costs to 15 August 2003

Classification of Work	Partners	Managers	Assistants and support staff	Total hours	Time costs £	Average hourly rate £
Administration and planning	36.5	27.4	163.9	227.8	47,662	209
Investigations		12.0	18.5	30.5	5,950	195
Trading	8.5	848.3	763.7	1620.5	321,473	198
Realisation of assets		445.0	38.0	483.0	140,505	291
Creditors		52.0	57.9	109.9	22,662	206
	45.0	1384.7	1042.0	2471.7	538,252	218
Time costs	19,125	359,411	159,716			

**Notes**

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

## Servosteel Limited - In Administration

## Analysis of Time Costs to 15 August 2003

Classification of Work	Partners	Managers	Assistants and support staff	Total hours	Time costs £	Average hourly rate £
Administration and planning	62.5	7.5	47.7	117.7	35,289	300
Investigations		7.0	16.0	23.0	4,383	191
Trading	10.0	290.1	327.8	627.9	129,551	206
Realisation of assets		105.0	95.0	200.0	41,270	206
Creditors		38.0	53.4	91.4	16,526	181
	72.5	447.6	539.9	1060.0	227,019	214
Time costs	30,813	123,865	72,341			

## Notes

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

## Fairmile Fencing Systems Limited - In Administration

## Analysis of Time Costs to 15 August 2003

Classification of Work	Partner	Manager	Assistants and support staff	Total hours	Time costs £	Average hourly rate £
Administration and planning	36.5	63.0	74.0	173.5	39,481	228
Investigations		10.0	14.0	24.0	4,293	179
Trading	10.0	245.7	67.0	322.7	65,548	203
Realisation of assets		16.5	9.0	25.5	6,460	253
Creditors		30.0	19.9	49.9	9,206	184
	46.5	365.2	183.9	595.6	124,988	210
Time costs	19,763	76,070	29,155			

## Notes

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

## Brockway Conveyors Limited - In Administration

## Analysis of Time Costs to 15 August 2003

Classification of Work	Partner	Manager	Assistants and support staff	Total hours	Time costs £	Average hourly rate £
Administration and planning	4.0	1.5	8.9	14.4	3,329	231
Investigations						
Trading	3.0	35.5	7.8	46.3	9,967	215
Realisation of assets		3.0	13.9	16.9	2,594	153
Creditors		17.0	8.9	25.9	4,743	183
	7.0	57.0	39.5	103.5	20,633	199
Time costs	850	12,145	5,513			

## Notes

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.



**Bentall Rowlands Industries Limited - In Administration****Analysis of Time Costs to 15 August 2003**

<b>Classification of Work</b>	<b>Partner</b>	<b>Manager</b>	<b>Assistants and support staff</b>	<b>Total hours</b>	<b>Time costs £</b>	<b>Average hourly rate £</b>
Administration and planning	11.0	61.0	44.1	116.1	29,030	250
Investigations				0.0		
Trading	2.0	194.2	150.2	346.4	74,702	216
Realisation of assets		105.5	15.5	121.0	27,451	227
Creditors		105.5	7.5	113.0	16,170	143
	13.0	466.2	217.3	696.5	147,353	212
Time costs	5,525	103,865	37,963			

**Notes**

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

## Stourbridge Stockholders Limited - In Administration

## Analysis of Time Costs to 15 August 2003

Classification of Work	Partner	Manager	Assistants and support staff	Total hours	Time costs £	Average hourly rate £
Administration and planning	10.0	1.5	12.3	23.8	6,080	255
Investigations						
Trading	5.0	42.0	1.0	48.0	12,405	258
Realisation of assets		13.0	16.0	29.0	6,356	219
Creditors		5.0	4.4	9.4	1,733	184
	15.0	61.5	33.7	110.2	26,574	241
Time costs	6,375	15,430	4,769			

**Notes**

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

## Offa Industries (Broome) Limited - In Administration

## Analysis of Time Costs to 15 August 2003

Classification of Work	Partner	Manager	Assistants and support staff	Total hours	Time costs £	Average hourly rate £
Administration and planning	18.0	0.5	27.0	45.5	11,573	254
Investigations						
Trading	2.0	9.5	156.0	167.5	29,091	174
Realisation of assets		2.5	14.0	16.5	2,606	158
Creditors		9.0	5.9	14.9	3,496	235
	20.0	21.5	202.9	244.4	46,766	191
Time costs	8,500	6,215	32,051			

## Notes

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

**Daimic Limited - In Administration****Analysis of Time Costs to 15 August 2003**

<b>Classification of Work</b>	<b>Partner</b>	<b>Manager</b>	<b>Assistants and support staff</b>	<b>Total hours</b>	<b>Time costs £</b>	<b>Average hourly rate £</b>
Administration and planning	3.0	0.5	15.3	18.8	3,110	165
Investigations						
Trading		2.5	24.0	26.5	4,710	178
Realisation of assets		10.0	10.5	20.5	4,613	225
Creditors			7.9	7.9	1,147	145
	3.0	13.0	57.7	73.7	13,580	184
Time costs	1,275	3,900	8,405			

**Notes**

Administration and Planning includes case planning, case set up, appointment notification, statutory reporting, compliance, cashiering and accounting.

Investigations include directors' reports (CDDA), investigating antecedent transactions and SIP 2 review.

Realisations of Assets includes identifying and securing assets, sale of business, transition of contracts, property issues, other fixed assets, stock, debtors and VAT.

Trading includes planning, strategy, monitoring, trading forecasts, managing operations, accounting and employees (including pensions and other staff benefits).

Creditors include creditor set up, creditor communication, preferential claims, unsecured claims, secured creditors, employees and retention of title.

# A Creditors' Guide To Administrator's Fees

**Deloitte  
& Touche**

## England and Wales

*Creditors or their representatives are required to approve the remuneration of administrators. This guide is designed to assist creditors of businesses where members or directors of Deloitte & Touche LLP have been appointed administrators. 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 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 fix 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 in order to achieve one or more of the following statutory purposes:

- The survival of the company and its business in whole or in part;
- The approval of a company voluntary arrangement;
- The sanctioning of a scheme under section 425 of the Companies Act 1985;
- A better realisation of assets than would be possible in a liquidation.

Administration may be followed by a company voluntary arrangement or liquidation.

### 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 established at the meeting of creditors which the administrator is required to hold within 3 months of the administration order to consider his proposals. The administrator must call the first meeting of the committee within 3 months 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 decide he needs to hold one. The committee has power to summon the administrator to attend before it and provide such information as it may require.

### 4. Fixing the Administrator's Fees

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.47 of the Insolvency Rules 1986, which states that the remuneration 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 2.47 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

4.8

4.9 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?

#### 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 judgment 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 for 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 prove 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 the 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 the 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 out of the assets of the insolvent company.

## 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 at the court hearing. If there is *no committee*, the administrator's notice of his application must be sent to such of the 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 out 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 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 in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the Court.

## 9. Expense Recovery

Until 31 July 2002, the rates charged by Deloitte & Touche did not include the recovery of certain items such as normal postage, printing, stationery, photocopying, telephone and related software costs etc. A charge calculated at 2% of time costs incurred up to that time was added to cover these costs.

## 10. Commissions and Discounts

As a major purchaser of services, Deloitte & Touche LLP as a whole are 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.

#### **11. 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 members 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 administrator. 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 Officer, who is responsible for investigating any complaints made against our partners and staff. The Compliance Officer can be contacted in our office at 180 The Strand, London WC2R 1WL. If The Compliance Officer 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 members and  
directors and their licensing bodies is  
available from The RS National  
Compliance Officer.