

Rule 2.33

Form 2.17B

The Insolvency Act 1986

Statement of administrator's proposals 2.17B

Name of Company: Stacks Limited	Company number: 01942720
In the: High Court of Justice Cardiff District Registry <div style="text-align: right; font-size: small;">[full name of court]</div>	Court case number: 1007 of 2009

(a) Insert full name(s) and address(es) of administrator(s) I / We, (a) David Hill of Begbies Traynor (Central) LLP, 5th Floor, Riverside House, 31 Cathedral Road Cardiff CF11 9HB and Peter Richard Dewey of Begbies Traynor (Central) LLP, 5th Floor, Riverside House, 31 Cathedral Road Cardiff

* Delete as applicable attach a copy of *my / our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 14 January 2010

Signed: _____

Joint Administrator(s)

Dated: 14.1.10

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 on the public record.

Begbies Traynor (Central) LLP	
5th Floor, Riverside House, 31 Cathedral Road Cardiff	
	Tel: 029 2022 5022
Fax Number: 029 2022 4523	DX Number:

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

SATURDAY



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16/01/2010

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COMPANIES HOUSE

A50

14 January 2010

PRIVATE & CONFIDENTIAL

TO ALL CREDITORS

Our Ref: 6ST0793/DH/PRD/SW/S
LG/ADM6002a

Your Ref:

Contact:

DD:

Dear Sir/Madam

**Stacks Limited (In Administration) ("the Company")
Administrators' Proposals**

As you are aware, the Company entered into administration in accordance with the provisions of paragraphs 22 of Schedule B1 to the Insolvency Act 1986 on 20 November 2009.

I enclose a copy of the joint administrators statement of proposals for your consideration.

An initial meeting of creditors will not be summoned because of the statement contained in our proposals pursuant to paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986 that the Company has insufficient property to enable a distribution to unsecured creditors, otherwise than by virtue of section 176A of the Act.

Your attention is drawn to the provisions of paragraph 52(2) of Schedule B1 to the Act which enables creditors whose debts amount to at least 10% of the total debts of the Company to requisition such a meeting within 12 days from the date of this letter. If no such meeting is held the proposals are deemed to have been approved by the creditors.

Yours sincerely
For Stacks Limited


David Hill
Joint Administrator

Enc

The affairs, business and property of the Company are managed by the joint administrators who act as the Company's agents and without personal liability.

5th Floor, Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB
T: 029 2022 5022 F: 029 2022 4523 E: cardiff@beggies-traynor.com W: www.beggies-traynor.com

Beggies Traynor (Central) LLP, a limited liability partnership, registered in England No OC306540, registered office 340 Deansgate, Manchester, M3 4LY.

David Hill and Peter Richard Dewey are licensed to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office.
A member of the Beggies Traynor Group; Specialist Professional Services www.beggies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability.

David Hill and Peter Richard Dewey were appointed joint administrators on 20 November 2009

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Stacks Limited (In Administration)

Statement of proposals of the joint administrators for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

The joint administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever

STACKS LIMITED (IN ADMINISTRATION)

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Stacks Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 20 November 2009
"the joint administrators"	David Hill of Begbies Traynor (Central) LLP, 5th Floor, Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB and Peter Richard Dewey of Begbies Traynor (Central) LLP, 5th Floor, Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(a), Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security and (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off). (Section 248(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Stacks Limited	
Trading name(s):	Stacks of Tiles	
Date of Incorporation:	29 August 1985	
Company registered number:	01942720	
Company registered office:	5th Floor, Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB	
Former registered office:	Beaufort Road, Plasmarl, Swansea, SA6 8JG	
Trading address:	244 Penarth Road, Cardiff, CF11 8TU	
Principal business activities:	Tile retailer	
Directors and details of shares held in Company:	Name	Shareholding
	Kevin Sean Taylor Bottomley	26 £1 shares
	Lesley Taylor Bottomley	15 £1 shares
Company Secretary and details of shares held in Company:	Name:	
	Kevin Sean Taylor Bottomley	
Auditors:	Griffiths & Miles Charter Court, Phoenix Way, Enterprise Park, Swansea, SA7 9FS	
Share capital:	100	
Shareholders:	John Albert Brian Taylor	49 £1 shares
	Kevin Sean Taylor Bottomley	26 £1 shares
	Lesley Taylor Bottomley	15 £1 shares
	Deni Prati	10 £1 shares

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Name(s) of joint administrator(s):	David Hill, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 5th Floor, Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB and Peter Richard Dewey, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 5th Floor, Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB
Date of administrators' appointment:	20 November 2009
Date of administrators' resignation:	Not applicable
Court:	High Court of Justice Cardiff District Registry
Court Case Number:	1007 of 2009
Person(s) making appointment / application:	The directors of the Company
Acts of the joint administrators:	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of:
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to subparagraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in subparagraph (1)(a) unless he thinks either:
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (1)(b) would achieve a better result for the company's creditors as a whole.

- (4) The administrator may perform his functions with the objective specified in subparagraph (1)(c) only if:
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The company was part of a group of associated companies, with common directors and shareholders, which included Taylor tiles Holdings Ltd and TT Specialist Fixing Ltd.

The Company sold discount tiles and traded for a number of years from retail outlets in Cardiff and Swansea. Supplies were purchased by Taylor Tiles Holdings Ltd and re-invoiced to the Company.

In recent years this has been a highly competitive market which has put pressure on prices and sales and as a result losses have been incurred for several years, which were financed by a bank overdraft facility and a loan from Taylor Tiles Holdings Ltd.

The recession put further pressure on sales during the last fifteen months and the rate of losses increased. The Swansea shop was closed early in 2009 leaving one outlet at 244 Penarth Road, Cardiff.

The losses caused severe cashflow difficulties and the group came under increasing pressure from its bankers. As a result the directors took the decision to put the Company into administration.

5. STATEMENT OF AFFAIRS

An draft estimated statement of affairs as at 20 November 2009 is attached at Appendix 2 together with our comments. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement. We are currently awaiting the signed documents from the directors.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration to 31 December 2009 incorporating our projected outcome for creditors.

Following our appointment it was decided that trading should continue in the short term so that the stock could be sold to the public and realise more than the forced sale value. The two members of staff have been retained and a closing down sale advertised. Trading is ongoing in order to continue to reduce stock levels. The majority of sales are on credit and debit cards and these funds have not yet been credited to our bank account.

At the same time we are seeking a purchaser for the business and assets on a going concern basis.

Racking remaining in the closed store in Swansea has been sold by our agents and realised £600 plus VAT. The keys to these premises have now been returned to the landlord.

7. JOINT ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve the objective specified in subparagraph 3(1)(a) because of the substantial net liabilities of the Company. Consequently the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

It is proposed that the Company will continue to trade in short term in order to maximise realisations for the Company's stock. As the Company is selling existing stock to the public and is not giving credit minimal funding is required to pay the ongoing costs. The business is also being marketed on a going concern basis. The position is being continuously reviewed and if no buyer is found for the business then agents will be instructed to sell the residual assets

We consider that being able to continue to trade in the context of an administration as an alternative to an immediate cessation of trade and liquidation of the Company will maximise realisations for the assets and enhance the prospects for the secured and the preferential creditors.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property.

Following these events we propose to finalise distributions to the secured and preferential creditors.

Exit from Administration

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the company.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge

STACKS LIMITED (IN ADMINISTRATION)

holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of the joint administrators' knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Administrators' Remuneration

These proposals contain a statement by the administrators, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that they consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act. In these circumstances, it is for each secured creditor and the preferential creditors of the Company to determine the basis of the joint administrators' remuneration under Rule 2.106 of the Rules.

In the absence of an initial meeting of creditors (see section 8 Conclusion, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A).

Appendix 3 sets out the administrators' firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the administration since the appointment of the Joint Administrators.

Administrators' disbursements

The joint administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firms policy, details of which are set out at Appendix 3. These disbursements will be identified by the administrators and subject to the approval of those responsible for determining the basis of the administrators' remuneration.

8. CONCLUSION

The joint administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors.

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the joint administrators' proposals is disapplied by paragraph 52(1). The joint administrators are therefore not empowered to summon such a meeting unless creditors, whose debts amount to at least 10% of the total

STACKS LIMITED (IN ADMINISTRATION)

debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 12 days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is held, then by Rule 2.33(5), the joint administrators' proposals are deemed to have been approved by the creditors.

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



David Hill
Joint Administrator

Date: 14 January 2010

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 20 November 2009 to 31 December 2009

Estimated to realise per Statement of Affairs
£

ASSETS NOT SPECIFICALLY PLEDGED

6,500	Administrators' trading	2,872	6,446	9,318
1,000	Stock	-	Uncertain	Uncertain
75	Equipment	600	400	1,000
	Cash in Hand	75	-	75
	VAT Receipts	521	-	521
		-	-	-
		4,068	6,846	10,914

Payments

	Wages and salaries	(4,021)	(170)	(4,191)
	Rent	-	(3,777)	(3,777)
	Rates	-	(1,200)	(1,200)
	Electricity and Gas	-	(650)	(650)
	Water	-	(130)	(130)
	Bank charges & Sundry	-	(250)	(250)
	Bordereau (statutory bond)	-	(25)	(25)
	Insurance	-	(1,000)	(1,000)
	Telephone	-	(200)	(200)
	Fork Lift Truck Hire	-	(300)	(300)
	Advertising	-	(408)	(408)
	Administrators Fees	-	(4,500)	(4,500)
	Administrators Disbursements	-	(100)	(100)
	Agents fees	-	(1,000)	(1,000)
	Statutory notices	-	(70)	(70)
	Sundry expenses	-	(92)	(92)
	VAT Payments	-	(521)	(521)
	Available for preferential creditors	47	(7,547)	(7,500)

	Arrears of wages and holiday pay	(3,600)	-	(3,600)
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	Net property	(3,553)	(7,547)	(11,100)
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	Prescribed part of net property set aside for unsecured creditors	-	-	-
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	Available for floating charge holder	(3,553)	(7,547)	(11,100)
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	Floating charge holder - Barclays Bank plc	-	(120,841)	(120,841)
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Summary of balances held:

	Fixed charge	-		
	Floating charge	(3,553)		
		(3,553)		

Held as:

	Cash in Hand	47		
	VAT	-		
		47		

Summary of outcome for unsecured creditors:

	Floating charge			-
				-

STATEMENT OF AFFAIRS

Name of Company
Stacks Limited

Company Number
01942720

In the
High Court of Justice Cardiff District Registry

Court case number
1007 / 2009

Statement as to the affairs of

Stacks Limited

5th Floor, Riverside House

31 Cathedral Road

Cardiff

CF11 9HB

on the 20 November 2009, the date that the company entered administration.

Statement of Truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 20 November 2009 the date that the company entered administration.

Full Name _____

Signed _____

Dated _____

Stacks Limited
Statement Of Affairs as at 20 November 2009

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Assets subject to floating charge:		
Uncharged assets:		
Leasehold Improvements	12,996.00	NIL
Plant & Machinery	3,126.00	1,000.00
Fixtures	692.00	NIL
Stock	65,000.00	6,500.00
Cash in Hand	75.00	75.00
Estimated total assets available for preferential creditors		7,575.00

Signature _____ Date _____

Stacks Limited
Statement Of Affairs as at 20 November 2009

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		7,575.00
Liabilities		
Preferential Creditors:-		
Employee Arrears/Hol Pay	3,600.00	3,600.00
Estimated deficiency/surplus as regards preferential creditors		3,975.00
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Based on floating charge assets of Nil		
Estimated total assets available for floating charge holders		3,975.00
Debts secured by floating charges		
Floating Charge Creditor	120,841.50	120,841.50
Estimated deficiency/surplus of assets after floating charges		(116,866.50)
Estimated prescribed part of net property where applicable (brought down)		NIL
Total assets available to unsecured creditors		(116,866.50)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	31,182.75	
Employees	4,000.00	
Inland Revenue	2,255.65	
Customs & Excise	2,808.22	
Associated Company	548,639.86	
		588,886.48
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(705,752.98)
Estimated deficiency/surplus as regards creditors		(705,752.98)
Issued and called up capital		
Ordinary Shareholders	100.00	100.00
Estimated total deficiency/surplus as regards members		(705,852.98)

Signature _____ Date _____

Begbies Traynor (Central) LLP
Stacks Limited
B - Company Creditors

Key	Name	Address	£
CA00	Albury Asset Rentals	PO Box 6227, Basingstoke, RG21 4YQ	2,047.72
CB02	Barclays Bank plc	Barclays Commercial Bank, PO Box 10284, 15 Colmore Row, Birmingham, B3 2BY	120,841.50
		Security Given: Debenture Date Given: 13/11/1998	
CB01	British Gas	C/o KPMG LLP, National Client Service Centre, 2 Cornwall Street, Birmingham, B3 2DL	153.94
CC00	Cardiff County Council	PO Box 9000, Cardiff, CF10 3WD	397.79
CC01	Chubb Fire	400 Dallow Road, Luton, LU1 1UR	128.96
CC02	City & County of Swansea	The Guildhall, Swansea, SA1 4NR	22,322.90
CE00	E.ON Energy	190 London Road, Rayleigh, Essex, SS6 9EE	2,972.53
CE02	Employees	Various	3,600.00
CE03	Employees	Various	4,000.00
CE01	Experlogic	Axis 13, Axis Court, Mallard Way, Swansea Vale, SA7 0AJ	2,346.00
CH00	H M Revenue & Customs	Debt Management, Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex BN12 4SE	2,255.65
CH01	H M Revenue & Customs	Debt Management, Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN13 4SE	2,808.22
CS00	SWALEC	PO Box 2346, Cardiff, CF23 8WE	138.48
CT01	Taylor Tiles Holdings Limited	c/o Begbies Traynor, 5th Floor Riverside House, 31 Cathedral Road, Cardiff, CF11 9HB	548,639.86
CT00	Thomas Carroll Insurance Brokers	Pendragon House, Crescent Road, Caerphilly, CF83 1XX	266.61
CU00	Unicom	Universal House, Longley Lane, Manchester, M22 4SY	407.82
16 Entries Totalling			713,327.98

Stacks Limited
C - Shareholders

Key	Name	Address	Pref	Ord	Other	Total
HP00	Deni Prati	C/o Claycrest, Easterfield Drive, Southgate, Swansea, SA3 2DB	0	10	0	10
HT01	John Albert Brian Taylor	Claycrest, Easterfield Drive, Southgate, Swansea, SA3 2DB	0	49	0	49
HB00	Lesley Karen Taylor-Bottomley	Wychwood House, 25 Wychwood Close, Langland, Swansea	0	15	0	15
HT00	Mr K S Taylor Bottomley	Wychwood House, 25 Wychwood Close, Langland, Swansea, West Glamorgan,	0	26	0	26
4 Entries Totalling						100

Signature _____

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS

Notes to the Directors Estimated Statement of Affairs.

1. The company owned minimal plant and equipment. The main asset is racking which is estimated to realise £1,000.
2. The stocks of tiles had a book value of £65,000 at the date of our appointment, which were estimated to realise £6,500 on a forced sale basis. Stock levels had been run down because the Company had been unable to replace stock as it was sold, leaving ends of lines and slower selling tiles, which is reflected in the realisable values.
3. Cash in Hand is the float of £75 held in the till.
4. The employees' estimated preferential claims in respect of arrears of pay are a maximum of £800 per employee plus holiday pay. Pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 are non-preferential.
5. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

The administrator will not be required to set aside the prescribed part of net property if:

- a. The net property is less than £10,000 and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit;
- b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.

As the floating charge is dated prior to September 2003 there is no prescribed part.

6. The claim of HM Revenue & Customs represents PAYE and NIC outstanding since August 2009.
7. The claim of HM Revenue & Customs represents VAT for the current quarter.
8. The indebtedness to Barclays Bank plc is supported by a cross guarantee from associated companies and personal guarantees from the directors.
9. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
10. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

STACKS LIMITED (IN ADMINISTRATION)

11. Transactions with directors and associates.

The sum of £548,640 is due to Taylor Tiles Holdings Ltd, an associated company, for tiles supplied together with rent, leasing and other costs paid.

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to 13 January 2010 on this assignment amounts to 74.15 hours at an average composite rate of £160 per hour resulting in total time costs to 13 January 2010 of £11,864.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates

In addition a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from <http://www.begbies-traynorgroup.com/Files/A%20Creditors'%20Guide%20to%20Administrators'%20Fees.pdf>

STACKS LIMITED (IN ADMINISTRATION)

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100.
- Car mileage is charged at the rate of 40 pence per mile

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

² Ibid 1

- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.
- *Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements.

The following items of expenditure which relate to services provided by an entity associated with the Begbies Traynor Group are to be charged to the case (subject to approval):

Payroll services provided by Dewey & Co which are ongoing

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Cardiff office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	130
Administrator	100
Junior Administrator	100
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

