

Insolvency Act 1986

Notice of result of meeting of creditors

| | |
|--|--|
| Name of Company Merthyr And Rhondda Cynon Taff Groundwork Trust | Company number 2087537 |
| In the High Court of Justice, Chancery Division, Birmingham District Registry <small>[full name of court]</small> | Court case number 8579 of 2013 |

(a) Insert full name(s) and address(es) of the administrator(s) **4/We (a) Ian James Gould of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD and Simon Edward Jex Girling of Bridgewater House, Finzels Reach, Counterslip, Bristol BS1 6BX**

*Delete as applicable hereby report that * a meeting / ~~an adjourned meeting~~ of the creditors of the above company was held at

(b) Insert place of meeting (b) Fedw Hir, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44, ODX

(c) Insert date of meeting on (c) 13 January 2014

at which:

*Delete as applicable
 *1 The Proposals were approved.
 *2. ~~Proposals were modified and approved-~~
~~The modifications made to the proposals are as follows-~~

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

*3 ~~The proposals were rejected.~~>

(e) Insert time and date of adjourned meeting *4. ~~The meeting was adjourned to (e) -~~ >

(f) Details of other resolutions passed *5 Other resolutions (f) None

THURSDAY



QIQ *Q2Z01S0B* 16/01/2014 #18
 COMPANIES HOUSE



*Delete as applicable ~~The date for automatic end to administration is~~

A creditors' committee was not formed

Signed

For the Joint Administrators
(If signing on behalf of appointor indicate capacity
e.g. director/solicitor)

Dated 15 January 2014

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.

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Our Ref 123/IM/234/C9

Tel

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

A36

16/01/2014
COMPANIES HOUSE

#28

The Summary proposals

In accordance with Paragraph 49 of Schedule B1 of the Act, the following proposals were approved by creditors:

- (i) the Joint 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 Trust or maximise the realisation of those assets or for any purpose incidental to these proposals
- (ii) if thought appropriate, a creditors' committee be formed
- (iii) 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
- (iv) the Joint Administrators at their sole discretion and at a time they feel is appropriate, either
 - File the necessary returns at Court and with the Registrar of Companies to place the Trust into creditors voluntary liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Ian James Gould and Simon Edward Jex Girling of BDO LLP (the Joint Administrators) be appointed Joint Liquidators, or any other person(s) be appointed liquidator(s) of the Trust in accordance with Paragraph 83(7) of the same,

OR

- 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 Trust be compulsorily wound-up and Ian James Gould and Simon Edward Jex Girling (the Joint Administrators) may be appointed Joint Liquidators, if they so desire,

OR

- file the necessary return at Court and with the Registrar of Companies to dissolve the Trust pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986
- (v) The Joint Administrators be remunerated in the sum of £6,000 as a fixed sum in relation to the work undertaken prior to their appointment as Joint Administrators
- (vi) the Joint Administrators shall be remunerated on a time costs basis by reference to BDO LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration

**Merthyr And Rhondda Cynon Taff
Groundwork Trust in
Administration
Administrators' Proposals**

December 2013

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1 Introduction

- 1.1 We, Ian James Gould and Simon Edward Jex Girling of BDO LLP ("BDO"), were appointed Joint Administrators of Merthyr And Rhondda Cynon Taff Groundwork Trust ("the Trust") by the its Trustees on 6 November 2013. The appointment was confirmed in The High Court of Justice, Chancery Division, Birmingham District Registry, case number 8579 of 2013.
- 1.2 These proposals are prepared pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and Rule 2.33 of the Insolvency Rules 1986 ("the Rules")
- 1.3 Form 2.17B, Statement of Administrators' proposals is attached at Appendix F.

Meeting of creditors

- 1.4 In accordance with Paragraph 51 of the Schedule and Rule 2.34 of the Rules, a meeting of the Trust's creditors will take place at 11.30 hours on 13 January 2014 at Fedw Hir, Llwedcoed, Aberdare, CF44 0DX. A formal notice of the meeting is attached at Appendix K

2 Trust information and events leading to Administration

- 2.1 The Trust was incorporated on 7 January 1987
- 2.2 The Trust undertook projects and contracts designed to achieve environmental, social and economic benefit
- 2.3 The Trust is limited by guarantee and is also a registered charity. As at the date of appointment, the Trust was controlled on a daily basis by the Interim Executive Director, David Hart. The Trust's principal strategic governance was undertaken by its board of Trustees which consisted of volunteers from the local business community and were not employees of the Company.
- 2.4 The following is a summary of the history of the Trust as prepared by David Hart

Trading History

- 2.5 *Groundwork Merthyr & Rhondda Cynon Taff, an environmental regeneration charity, and part of the Federation of Groundwork Trusts, was set up in Merthyr Tydfil in 1985. Later it expanded into the Cynon Valley and then into Rhondda Cynon Taff in 1996 after Unitary Reorganisation of the Local Authorities. The Trust purchased Fedw Hir, its base until 2013, in 1990, taking 4 years to refurbish the former hospital ward blocks and nursing quarters to allow the Trust staff to move in. In 2006 the Welsh Government Baker Report on the 4 operational Trusts in Wales requested a Pan Wales Approach and as part of that GMRCT started operations in Blaenau Gwent, Cardiff and South Powys*
- 2.6 *The Trust ran a successful European programme during the nineties and early 2000's undertaking many exemplar projects and many of which were ground-breaking in Wales. The Trust created the first long distance Cycle trail in Wales and only the second Cycle trail in the UK with the creation of the Taff Trail. This was followed by other access projects such as the Cynon Trail, Loops and Links network. The Trust helped create Merthyr Tydfil's first National Nature Reserve and several other Community nature reserves.*
- 2.7 *Its biggest and by far most influential project was the valley wide creation of the 52ha Parc Taff Bargoed Community Park in Merthyr Tydfil. This involved the reclamation of three former colliery and drift mine sites along the valley floor. Along the way the site created the largest mine water reed bed remediation scheme in western Europe, the highest indoor climbing wall in the UK, the first indoor caving complex in the UK and the first community led park in Wales*

2 8 *The Trust was involved in the following key projects:*

Taff Trail 1994 - 1998 (subsequent improvement work up until 2005)

Cynon Trail - 1998 - 2004

Parc Taff Bargoed - 1998 - 2005

Fernhill Community First Programme 1998 - 2006 (new community centre built and community development)

Gellideg Foundation, Gurnos and Aberfan/Merthyr Vale, 1998 - 2008 (community first offices created and now running own estate based ILM's)

Maerdy Community Woodland -2004 - 2008 colliery land remediation scheme

Trust Leadership

2.9 *Executive Directors*

Chairpersons

- *Sue Price 1986 - 1998*

Peter Saunders - 1986 2010

- *Margaret Hannigan Popp - 1998 - 2012*

Gareth Jones- 2010 - 2012

- *David Hart - 2012 - 2013*

Marianne Jones - 2012 - 13

Reasons for the Trust's demise

2 10 *The Trust was heavily reliant on Grant Funding during its informative years and up until around 2009, the Trust had a very successful history of attracting EU funding, Central Government, Lottery and other Private sector grant funding. From 2009 onwards new government guidelines on funding meant that much of the Trusts former avenues of work were subject to competitive tender and the Trust tried to adapt to this new way of securing funding.*

2 11 *During 2010, work started to dry up and it become more and more difficult to secure full funding for all programmes This situation played a significant role in the Trust's eventual demise in 2013*

2 12 *In 2011 the Trust embarked on a significant retrofitting scheme for its main offices which was another factor in the Trusts demise as the retrofitting costs absorbed a significant amount of the Trust's cash reserves The estimated costs at the commencement of the retrofit were significantly exceeded and contributed to losses incurred by the Trust*

2.13 *In April 2012, the Trust started the year in a rather weak position in terms of secured funding with just 27.2% income and 35.6% of Income secured meaning there was already a huge mountain to climb at that stage. At the half year stage, the Trust had still only secured 40.8% income and 46 1% income. It was clear then by September 2012 that the*

Merthyr And Rhondda Cynon Taff Groundwork Trust in Administration

Trust was in real danger of not acquiring its targeted business plan due to its inability to secure funding

- 2.14 *The Trust made a loss for the year ended 31 March 2013 of £308,050.*
- 2.15 *The Trust tried to rebuild its reserves during 2013 in order to facilitate a much needed restructure. However, despite its best efforts and securing much needed new work the Trusts overheads and salary costs remained onerous. The Trust's financial forecasts suggested the Trust would require significant further funding to finance current losses and the likely costs of restructure.*
- 2.16 *The board of Trustees subsequently resolved to appoint administrators to the Trust.*

Our appointment

- 2.17 We were initially introduced to the Trust in August 2013 by The Federation of Groundwork Trusts ("Groundwork UK") to assist the Trust in producing financial projections
- 2.18 Our findings were presented at a board meeting on 24 October 2013 and on analysing the cash flow concerns outlined by the Trust, the board resolved that the Trust was insolvent and should be placed into Administration
- 2.19 On 4 November 2013, a notice of intention to appoint an administrator was filed by the Trustees pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986.
- 2.20 Subsequently, on 6 November 2013, the board of trustees appointed Ian Gould and Simon Girling as Joint Administrators. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.
- 2.21 For the purposes of Paragraph 100 of Schedule B1 of the Act, we confirm that as Joint Administrators, we are authorised to carry out all functions, duties and powers by each of us, joint and severally.
- 2.22 Pursuant to Paragraph 3(1) of Schedule B1 of the Act, we are required to perform our functions with the objective of.
- rescuing the Trust as a going concern, or
 - achieving a better result of the Trust's creditors as a whole than would be likely if the Trust were wound up (without first being in Administration), or
 - realising property in order to make a distribution to one or more secured or preferential creditors.

2.23 The strategy adopted by us with a view to achieving one or more of the objectives referred to above is as follows:

- The first objective cannot be achieved as the level of the Trust's assets appear to be significantly less than the value of its creditor liabilities, meaning that it will not be possible to rescue the Company as a going concern
- Pursuant to comments made later in this report, the second objective of 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) is expected to be achieved
- The final objective is realising property in order to make a distribution to one or more secured or preferential creditors will be accomplished in that property will be realised in order to make a distribution to the preferential creditors

3 Actions taken since our appointment

- 3.1 Having conducted a brief review into the Trust's finances and operations prior to our appointment, we formed the opinion that it was not possible for the Trust to continue operating in its (then) current form. However, it was clear that the Trust was involved in a number of on-going projects which we believed to be capable of completion or novation.
- 3.2 We engaged in meetings with some of the Trust's major project funders to seek agreement of the best course of action going forward. We received confirmations from some of these funders advising that they would not object to the continuance/delivery of the projects under the control of the Administrators until a permanent solution was sought.
- 3.3 We were of the view that continuance and/or completion of some or all of the Trust's on-going projects would likely be of benefit to the Trust's creditors as the re-assignment of these projects to any prospective buyers or like minded organisations would not only protect the amounts due to the Trust by way of invoiced debt or work in progress, it may also reduce the overall liabilities against the Trust, which in turn could maximise returns to the Trust for the benefit of its creditors.
- 3.4 Immediately on appointment, we made eight of the Trust's employees redundant. We retained sixteen members of staff in order that the required resource was available to ensure that delivery on project work could continue without disruption.
- 3.5 However, within a week of trading it was clear that due to contractual disputes, the amounts due to the Trust for work in progress on various projects would not be payable on time, if at all, to fund continued day to day trading expenditure.
- 3.6 On 13 November 2013, with the exception of the care taker, all remaining staff were made redundant. Two other members of staff were subsequently engaged on a consultancy basis to assist in bringing the Trust's books and records up to date and identifying assets of the Company.
- 3.7 On 19 November 2013, Groundwork Caerphilly ("Caerphilly") expressed an interest in the Trust's business and chattel assets. We entered into negotiations with Caerphilly and a draft sales and purchase agreement was presented to Caerphilly on 24 November 2013. However, at the time of writing the sale has failed to complete due to the uncertainty associated with the assignment or transfer of certain projects.
- 3.8 Whilst we remain in negotiations with Caerphilly, it is unlikely that a sale of the business will be achievable. However, Caerphilly has made an offer for certain chattel assets, which has been accepted. The sale is being dealt with by our agents MGR Appraisals.

- 3.9 The Trust's freehold property in Aberdare has not yet been placed on the open market as we are currently investigating local government planning consents and restrictions that have been placed on the property. In addition to this, we are also investigating the validity of securities registered against the property (discussed in more detail below)

4 Assets of the Company

Statement of affairs

- 4.1 A statement of affairs has been requested and a draft document has been provided, which is subject to the board of Trustees' approval. Once the document has been finalised we will be in a position to forward the document to any creditor wishing to receive a copy. Please e-mail ilyas.multan@bdo.co.uk and a copy will be dispatched (free of charge) once we have received the final version of the document. The draft statement of affairs is attached at Appendix H.
- 4.2 In addition, to comply with Rule 2.33(2)(h) of the Rules, a list of the Trust's known creditors is attached at Appendix G.

Freehold Land & Property

- 4.3 The Trust owns freehold land and property known as Fedw Hir in Aberdare which was being used as the Trust's headquarters. The facility spans approximately 13 acres of countryside and consists of various buildings, offices, portacabins, workshops and barns.
- 4.4 Prior to the premises being acquired by the Trust in the 1990's, the premises were being used as a hospital. The local government granted the Trust permission to change the use of the property from a hospital to offices. Under this permission, currently, only the Trust is eligible to utilise the premises for office use.
- 4.5 Given that the above permission is not extended to any other entity, we are not yet in a position to place the property on the open market. We intend to make an application to the local government to reconsider the present consents and request permissions to allow the premises to be used by other organisations.
- 4.6 According to the land registry, the property is the subject of a legal charge in favour of the Co-operative Bank Plc ("Co-op"). The Co-op has registered a charge against the property at the Land Registry. However, the legal charge has not been registered with the Registrar of Companies. Our legal advisors, Messrs Squire Sanders LP are assisting us with clarifying the validity of the security charged against the property by the Co-op.
- 4.7 For the purposes of this report only, we have assumed that Co-Op do not hold security over the Company's property. For the avoidance of doubt, this is subject to ongoing review.
- 4.8 Once the above matters have been resolved, the property will be marketed by our agents, Colliers International Property Consultants Limited.

- 4.9 In the meantime Colliers have provided us with an appraisal of the property which suggests that subject to finding a willing buyer with no restrictive covenants, the property could realise in the region of £300,000. For the purposes of this report only, the sum of £300,000 has been shown in the estimated outcome statement appended to this report. We remind any reader of this report that this sum should be treated as a guide only, particularly given our comments above in relation to restrictive covenants and the potential existence of a secured creditor (over the property) both of which may impact upon the realisable value.

Tenants

As at the date of our appointment, there were two tenants. One has served notice and paid amounts due under the agreement. The other remains in the property and any rent received will be treated as an asset realisation for the benefit of the Company's estate.

Furniture, equipment and motor vehicles

- 4.10 We instructed Messrs MGR Appraisals Limited ("MGR") to prepare an inventory and valuation of the tangible assets within the various buildings located at Fedw Hir. The assets have been valued at £42,600 in situ and £27,850 ex situ. To date, our agents have realised approximately £17,599 with some further realisations anticipated.

Book debts and ongoing contracts

- 4.11 The nature of the Trust's project work meant that in a number of cases, the Trust had been paid in advance for certain contracts and projects and in these instances, the contract/project employer will have a claim against the Trust for the unsatisfied parts of the contract/project.
- 4.12 In other instances, the Trust had completed works for which it had not yet been paid and at the date of our appointment, the Trust's accounting records indicated that there were amounts due to the Trust totalling some £112,503 in respect of trade debtors and some instances of un-invoiced work in progress.
- 4.13 Since the date of our appointment, we have written to the Trust's debtors seeking payment of the amounts shown in the Trust's accounting records. Of the responses received from debtors, nearly all debtors have so far rejected that there are any sums due to the Company. The disputes raised by the relevant debtors are being investigated.
- 4.14 Since the date of our appointment, sums totalling £3,994 have been recovered from debtors and for the purposes of this report only, we have assumed that further amounts totalling £20,000 will be recovered.

Post - Administration Trading

- 4.15 Whilst sufficient staff members were retained to ensure that project work could continue, no income was generated during the period to 13 November 2013, being the date that all project staff were made redundant

Other assets

- 4.16 Any amounts received in the Administration estate are banked in an interest bearing bank account with any bank interest earned forming part of the Administration estate
- 4.17 An Insurance refund of £765 has been received into the estate which relates to the cancellation of a motor insurance policy
- 4.18 We are not aware of any other assets of the Trust which have not already been referred to elsewhere in this report. Once the final directors' statement of affairs has been received, we will compare this document to the Trust's accounting records to ensure that asset realisations are maximised

5 Liabilities of the Company

Secured creditors

- 5.1 According to the records maintained by the Registrar of Companies, there are no registered charges against the Trust or its assets.
- 5.2 We are currently investigating the Co-Op's security registered against the property at the Land Registry. We will endeavour to provide more details on this matter in our periodic six monthly report to creditors.
- 5.3 As indicated above, for the purposes of this report only, we have assumed that Co-Op do not hold security over the Company's property. For the avoidance of doubt, this is subject to ongoing review.

Employee claims

- 5.4 As discussed earlier in this report, with the exception of the care taker, the Trust's employees have all been made redundant. The Trust's employees have the following estimated claims against the Company:

| | £ |
|------------------------|----------------|
| Arrears of pay | 8,326 |
| Arrears of holiday pay | 25,965 |
| Pension arrears | 2,000 |
| Redundancy pay | 92,794 |
| Pay in lieu of notice | 76,492 |
| | <u>205,577</u> |

- 5.5 Of the above claims, arrears of pay, holiday pay and pension arrears are considered to rank as unsecured preferential creditor claims (and total £36,291).
- 5.6 Based on current information, it would appear that there will be funds available to enable a full repayment to those employee claims which rank as preferential creditors. However, this is largely dependant on realisations from the sale of the property and the ranking of the Co-Op's security.

Prescribed part

- 5.7 Section 176A of the Insolvency Act 1986 requires administrators to set aside a prescribed amount of the Trust's "net property" towards the satisfaction of unsecured debts. Net property is the amount of property that would otherwise be available for satisfaction of holders of debentures secured by, or holders of, any floating charge created by the Trust on or after 15 September 2003.

- 5.8 As there is no floating charge holder, the prescribed part calculation will not apply.

Unsecured non-preferential creditors

- 5.9 Based on a combination of the claims received from creditors and the amounts shown as being due in the Trust's books and records, the Trust would appear to have the following unsecured claims:

| | £ |
|---------------------------------|----------------|
| Trade and expense creditors | 37,383 |
| HM Revenue & Customs - PAYE/NIC | 12,000 |
| HM Revenue & Customs - VAT | 50,000 |
| Employee claims | 169,286 |
| Groundwork UK | 35,800 |
| The Cooperative Bank | 270,000 |
| | <u>574,469</u> |

- 5.10 The above estimates do not include any claims in respect of incomplete works, breach of contract, defects liability or other claims which may be brought against the Trust as a result of its abrupt demise.
- 5.11 Furthermore, prior to our appointment, the Trust was involved in an industrial tribunal claim which we are currently investigating. Ultimately, we will need to decide to negotiate, defend or abandon the claim. On the basis that any successful claim will rank as an unsecured claim against the Company in Administration, we may need to delay such decision until the outcome for unsecured creditors can be predicted with greater certainty.
- 5.12 Based on current information, there will be a return to unsecured creditors of the Company. Ultimately, the outcome to unsecured creditors will be capable of being predicted with more certainty once the Company's property has been sold. We will report to creditors further following the six month anniversary of our appointment.

6 Receipts & payments, estimated outcome and costs of Administration

Receipts and payments account

- 6.1 Attached at Appendix B is a receipts and payments account to 20 December 2013 showing a balance in hand of £ 17,197.

Estimated outcome statement

- 6.2 An estimated outcome statement is attached at Appendix C. The estimated outcome statement shows that based on current information there will be a return to the Trust's preferential creditors and a return to non-preferential creditors.
- 6.3 The estimated outcome statement includes our estimate for the costs associated in dealing with the Trust's affairs.

Pre-administration costs

- 6.4 Our time costs from 24 October 2013 up to the date of our appointment on 6 November 2013 amount to £22,196 which represents 64 hours at an average hourly rate of £346. We enclose at Appendix D, full details of our pre-appointment time costs. To date, no fees have been charged in respect of our pre-appointment costs.
- 6.5 Prior to our appointment, we were instructed by the board of Trustees to undertake a review of the Trust's financial position and comment on the long term viability of the Company. We were subsequently asked to advise the board on the insolvency options available to the Company.
- 6.6 From that point, our work up to the date of our appointment was undertaken with a view to furthering the achievement of the objectives of the administration as detailed in Section 2 of this report. This work included the following:
- reviewing the Trust's current and ongoing project work,
 - liaising with agents with regards to the value and disposal prospects of the Trust's assets,
 - assistance in commencing formal insolvency proceedings,
 - preparation for and attendance at the Trust's board meetings,
 - advice regarding the Trust's financial position and the options available.

- 6.7 The payment of unpaid pre-administration costs as an expense of the administration is subject to approval in accordance with Rule 2 67(A) A request is put to the relevant creditors under separate cover.
- 6.8 For the avoidance of doubt, subject to the relevant creditor approval, we propose to cap our pre-appointment fees to the sum of £6,000 as opposed to the value of our time costs

Costs of administration

- 6.9 Our time costs from the date of our appointment to 13 December 2013 amount to £45,587 which represents 234 hours at an average hourly rate of £195. No fees have been drawn to date in respect of these amounts Approval for the basis of our remuneration is discussed below.
- 6.10 We enclose at Appendix D full details of the Administrators' time costs in this matter up to 13 December 2013, in accordance with Statement of Insolvency Practice No 9 These amounts are derived by reference to BDO LLP's normal rates for time properly given by us and our staff in attending to matters arising in the Administration. Where members of staff have been employed on the Administration they have been so based on their experience and abilities in dealing with a case of this nature. Where appropriate, certain staff have dealt with a specific area of the Administration due to their specialist skills in that area We would advise that BDO LLP's scale rates increase from time to time over the period of the administration of each insolvency.
- 6.11 Attached at Appendix E are details of how to obtain an extract from the Statement of Insolvency Practice 9, A Creditors' Guide to Administrators' fees, and a summary of BDO LLP's charge out rates are also attached at Appendix E
- 6.12 We are entitled to receive remuneration for our services as Administrators As per Rule 2.106(2) of the Rules our remuneration shall be fixed either:
- a as a percentage of the value of the property with which we have to deal, or
 - b. by reference to the time properly given by the Administrators and their staff in attending to matters arising in the administration or
 - c or based on a set amount
 - d. or based on a combination of any of the above as per Rule 2 106(3A)
- 6.13 We propose to receive remuneration under part (b) of Rule 2.106(2)
- 6.14 In accordance with the provisions of Rule 2.106 approval of our remuneration will be sought from the creditors committee, or, to the extent that a creditors committee is not

Merthyr And Rhondda Cynon Taff Groundwork Trust in Administration

or cannot be formed, a resolution will be put to the creditors at the meeting on 13 January 2014.

- 6 1 To date, category 1 disbursements have been charged to the Company's estate as follows

| | |
|-----------------------|--------------|
| | £ |
| Payroll fees | 1,320 |
| Management Assistance | 4,565 |
| Insurance | 67 |
| Bank Charges | 4 |
| | <u>5,956</u> |

- 6 2 Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

- 6 3 All category 1 disbursements are charged at the actual cost incurred.

- 6.4 Category 2 disbursements will comprise cost allocations which may arise on some of the category 1 expenses where supplied internally: typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying and printing, and allocated communication costs.

- 6 5 We do not propose to charge internal disbursements, known as category 2 disbursements to the Administration estate.

7 Proposed exit route from Administration

Pursuit of Administration statutory objectives

- 7.1 By virtue of the extent of the Trust's liabilities to creditors, it was not possible to rescue the Trust as a going concern.
- 7.2 The Trust was placed into Administration with the aim that it may have been possible for some of the Trust's ongoing projects to have been completed by a like-minded organisation. In turn, a novation or other transfer of an ongoing project ought to have resulted in the Trust maximising its recoveries from that project and/or avoided any claims being brought against the Trust for breach of contract.
- 7.3 Ultimately, minimal interest has been received in the Trust's on-going projects and no offers have been received to novate or assign any incomplete contracts. It is likely that the contract employer will (by now) have terminated the contract.
- 7.4 Once the disposal of the Trust's freehold property and the amounts due from the Trust's debtors have been recovered, based on current information, we anticipate that we will have realised property in order to be in a position to make a distribution to preferential creditors.

Exit route from Administration

- 7.5 To enable us to conclude the Administration, we propose the following exit routes, only one of which will be implemented with a view to maximising the amounts available for creditors in the most expedient manner

EITHER

- File the necessary returns at Court and with the Registrar of Companies to place the Trust into creditors voluntary liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Ian James Gould and Simon Edward Jex Girling of BDO LLP (the Joint Administrators) be appointed Joint Liquidators, or any other person(s) be appointed liquidator(s) of the Trust in accordance with Paragraph 83(7) of the same,

OR

- 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 Trust be compulsorily wound-up and Ian James Gould and Simon

Edward Jex Girling (the Joint Administrators) may be appointed Joint Liquidators, if they so desire,

OR

- file the necessary return at Court and with the Registrar of Companies to dissolve the Trust pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

- 7.6 We propose to exit the Administration by moving to creditors' voluntary liquidation at the earliest opportunity (but at our ultimate discretion). An appropriate resolution forms part of our proposals to creditors, as discussed in the next section of this report

Administrators discharge

- 7.7 It is standard practice for administrators to seek a discharge from liability for any action taken by them during the course of an administration, following the termination of the administration
- 7.8 Granting our discharge does not prevent any creditor of the Trust from applying to Court (under Paragraph 75 of Schedule B1 to the Insolvency Act 1986) for permission to bring proceedings against us if any such party believes that our conduct as Joint Administrators has breached our duties in relation to the Trust or has otherwise made us guilty of misfeasance.
- 7.9 We are not currently aware of any issue that may result in such an application to Court.
- 7.10 For the avoidance of doubt, granting us our discharge prior to the termination of the Administration does not discharge our liability, until the termination is effective.
- 7.11 A resolution seeking our discharge forms part of the Administrators' Proposals, discussed in more detail in Section 8.

8 The Administrators' proposals

8.1 In accordance with Paragraph 49 of Schedule B1 of the Act, we make the following proposals to the creditors

- (i) the Joint 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 Trust or maximise the realisation of those assets or for any purpose incidental to these proposals.
- (ii) if thought appropriate, a creditors' committee be formed
- (iii) 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
- (iv) the Joint Administrators at their sole discretion and at a time they feel is appropriate, either:
 - File the necessary returns at Court and with the Registrar of Companies to place the Trust into creditors voluntary liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that Ian James Gould and Simon Edward Jex Girling of BDO LLP (the Joint Administrators) be appointed Joint Liquidators, or any other person(s) be appointed liquidator(s) of the Trust in accordance with Paragraph 83(7) of the same,

OR

- 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 Trust be compulsorily wound-up and Ian James Gould and Simon Edward Jex Girling (the Joint Administrators) may be appointed Joint Liquidators, if they so desire,

OR

- file the necessary return at Court and with the Registrar of Companies to dissolve the Trust pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986
- (v) The Joint Administrators be remunerated in the sum of £6,000 as a fixed sum in relation to the work undertaken prior to their appointment as Joint Administrators.

- (vi) the Joint Administrators shall be remunerated on a time costs basis by reference to BDO LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration
- 8 2 As mentioned previously, a creditors' meeting has been convened for the purpose of allowing the creditors to consider the proposals and above resolutions. Form 2 20B 'Notice of Meeting' is attached to this report at Appendix K
- 8 3 Creditors wishing to attend the meeting must lodge a written statement of their claim with the Administrators before the meeting. Any creditor who has not lodged their claim will not be allowed to vote. A proof of debt form is also attached at Appendix J
- 8 4 Any creditor who wishes to appoint a proxy holder to represent them at the meeting may use the proxy form at Appendix K

9 EC Regulation

- 9.1 The EC Regulation does apply to these proceedings as the registered office of the Trust at the date of Administration was Fedw Hir, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44, ODX
- 9.2 These proceedings are main proceedings as defined in Article 3 of the EC Regulations.

10 Closing remarks

- 10.1 A creditors meeting is being convened for 13 January 2014. Formal notices are attached to these proposals. We recommend that the Administrators' Proposals are accepted at the creditors meeting.
- 10.2 Should any creditor require any additional information or have any queries, they should contact Ilyas Multani, on + 44 (0) 121 352 6200

Ian Gould
For and behalf of
Ian J Gould and Simon Girling
Joint Administrators

Appendix A - Statutory information

| | |
|------------------------------|--|
| Detail of the Court | The High Court of Justice, Chancery Division, Birmingham District Registry. Case reference: 8579 of 2013 |
| Full name | Merthyr And Rhondda Cynon Taff Groundwork Trust |
| Company number | 02087537 |
| Registered office | At the date of Administration, the Trust's registered office was situated at Fedw Hir, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44, ODX For the purposes of the Administration, the Trust's registered office was changed to the office of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD |
| Administrators | Ian James Gould and Simon Girling BDO LLP 125 Colmore Row Birmingham B3 3SD IP numbers 7866 and 9283 The Joint Administrators were appointed on 6 November 2013 by the Trust's Trustees For the purposes of Paragraph 100 of Schedule B1 of the Act, the Joint Administrators are authorised to carry out all functions, duties and powers by each of them, joint and severally |
| Date of incorporation | 7 January 1987 |
| Trading activities | Charitable works |
| Trading address | Fedw Hir, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44, ODX |
| Issued share capital | The Trust is a private Trust limited by guarantee but does not have share capital. |

| Trust directors' (Trustees who acted within the last three years) | Name | Appointed | Resigned |
|---|---------------------------------|------------------|-----------------|
| | Fawzia Haq | 23 11.2006 | 14 07.2011 |
| | Gareth Jones | 07.10.2010 | 01.11.2012 |
| | Valerie Jones | 23 11.2006 | 14.07.2011 |
| | Craig Middle | 12 12.2005 | 01.06.2012 |
| | Robert William Smith | 02 10.2009 | 01 06 2012 |
| | Cllr Paul Smithers | 29 05.2008 | 31 05 2012 |
| | Cllr Graham Davies | 25 05.2012 | |
| | Cllr Linda De Vet | 30.05 2012 | |
| | Cllr. David Leslie Jarrett | 09 10.2008 | |
| | Marianne Jones | 28.04 2005 | |
| | Cllr. Christina Leyshon | 30.05.2012 | |
| | Sir Richard Anthony Lloyd Jones | 31 03.1995 | |
| | Cllr. Keiron John Montague | 01.06.2012 | |
| | Lisa Victoria Mytton | 16.06.2008 | |

Merthyr And Rhondda Cynon Taff Groundwork Trust in Administration

| | |
|-----------------------|------------|
| Mary Lynfa Phillips | 07.10 2003 |
| Vivian Rees | 07.10 2010 |
| Jeffrey Richards | 08.12 1999 |
| Philip Morris Walters | 23.08 1994 |

| Trust secretary | Name | Appointed | Resigned |
|-----------------|-----------|------------|----------|
| | Anne Cook | 07.10.2010 | |

| Executive Directors | Name | Appointed | Resigned |
|---------------------|------------------------|-----------|----------|
| | Sue Price | 1986 | 1998 |
| | Margaret Hannigon Popp | 1998 | 2012 |
| | David Hart | 2012 | |

Trust's bankers The Trust's bankers were The Co-operative Bank Plc

Registered charges There are no registered charges at Company's House.

Appendix B - Receipts and payments account

Merthyr And Rhondda Cynon Taff Groundwork Trust
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 20/12/2013

| S of A £ | £ | £ |
|-----------------------------|-----------|------------------|
| ASSET REALISATIONS | | |
| Motor Vehicles | 17,599.00 | |
| Book Debts | 3,993.69 | |
| Insurance Refund | 764.80 | |
| Rent | 792.69 | |
| | | 23,150.18 |
| COST OF REALISATIONS | | |
| Payroll Fees | 1,320.00 | |
| Management Assistance | 4,565.42 | |
| Insurance of Assets | 67.31 | |
| Bank Charges | 3.74 | |
| | | (5,956.47) |
| | | 17,193.71 |
| REPRESENTED BY | | |
| Vat Input | | 264.00 |
| Bank 1 Current | | 792.69 |
| Bank 2 Current | | 9,333.56 |
| Vat Output | | (3,119.80) |
| Wages Control Account | | 9,923.26 |
| | | 17,193.71 |

Appendix C - Estimated outcome statement

| | | | |
|---|-----------------------|------------------|------------------|
| | | | 20 Dec 13 |
| Merthyr and Rhondda Cynon Taff Groundwork Trust | | | |
| in Administration | | | |
| Estimated outcome statement | | | |
| | Realised | Estimated | Estimated |
| | /(Paid) in | future | final |
| | Administration | movements | outcome |
| | £ | £ | £ |
| Realisations from assets | | | |
| Sale of property known as Fedw Hir | - | 300,000 | 300,000 |
| Rent receivable from Fedw Hir | 792 | 2,000 | 2,792 |
| Plant, equipment and furniture | - | 3,000 | 3,000 |
| Motor vehicles | 17,599 | 5,000 | 22,599 |
| Trade debtors and accrued income | 3,994 | 20,000 | 23,994 |
| Sundry assets and bank interest | 765 | - | 765 |
| | 23,150 | 330,000 | 353,150 |
| Costs of realisation | | | |
| Pre-appointment costs - BDO | - | 6,000 | 6,000 |
| Joint administrators fees | - | 65,000 | 65,000 |
| Legal fees and disbursements | - | 35,000 | 35,000 |
| Agents fees and disbursements | - | 12,500 | 12,500 |
| Security, insurance and other property costs | 67 | 29,933 | 30,000 |
| Wages/salaries/consultancy support | 5,885 | 8,115 | 14,000 |
| Other costs and contingency | 4 | 19,996 | 20,000 |
| | (5,956) | (176,544) | (182,500) |
| Available to preferential creditors | 17,194 | 153,456 | 170,650 |
| Preferential creditors | | | |
| Employees | | 8,326 | |
| Department of Employment | | 25,965 | |
| Pension contributions | | 2,000 | |
| | | | (36,291) |
| Available to unsecured creditors | | | 134,359 |
| Unsecured creditors | | | |
| Trade and expense creditors | | 37,383 | |
| Groundwork UK | | 35,800 | |
| The Co-Operative Bank | | 270,000 | |
| HM Revenue & Customs - VAT | | 50,000 | |
| HM Revenue & Customs - PAYE | | 12,000 | |
| Employees | | 169,286 | |
| | | | (574,469) |
| Estimated total shortfall to unsecured creditors | | | (440,110) |
| Estimated distribution to unsecured creditors (p in the £) | | | 23 39 |

Appendix D - Time costs analysis

Summary of time charged and rates applicable for the period up to 5 November 2013

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | OTHER STAFF | | TOTAL | | AVERAGE HOURLY RATE £ P/H |
|--|---------|-----------|---------|-----------|-------------------|---------|----------------------|---------|---------------|---------|-------------|---------|-------|-----------|---------------------------------|
| | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | |
| 01 Conflicts of Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 02 Director meetings | 20 50 | 9,450 50 | 10 20 | 2,891 40 | - | - | - | - | - | - | - | - | 30 70 | 12,341 90 | 402 02 |
| 03 Secured and other creditor meetings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 04 Documentation review | - | - | - | - | - | - | - | - | 0 40 | 55 20 | - | - | 0 40 | 55 20 | 138 00 |
| 05 Agree scope of instructions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 06 General advice meetings | - | - | 10 95 | 3,220 25 | - | - | - | - | 4 60 | 634 80 | - | - | 15 55 | 3,865 05 | 248 56 |
| 07 General advice - telephone | 2 70 | 1,244 70 | - | - | - | - | - | - | - | - | - | - | 2 70 | 1,244 70 | 461 00 |
| 08 Pre appointment report | 1 50 | 691 50 | 13 55 | 3,997 25 | - | - | - | - | - | - | - | - | 15 05 | 4,688 75 | 311 54 |
| 09 Produce fee plan | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 99 Other matters - travel time | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| A. Pre appointment matters | 24 70 | 11,386 70 | 34 70 | 10,118 90 | - | - | - | - | 5 00 | 690 00 | - | - | 64 40 | 22,195 60 | 344 65 |
| B Steps on appointment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| C Planning and Strategy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| D General administration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| E. Asset and realisations/dealing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| F Trading related matters | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| G Employee matters | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| H Creditor claims | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| I Reporting | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| J Distribution and closure | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| K. Other work / Travel time | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 24 70 | 11,386 70 | 34 70 | 10,118 90 | - | - | - | - | 5 00 | 690 00 | - | - | 64 40 | 22,195 60 | 344 65 |

Name of assignment - Merthyr & Rhondda Cynon Taff Groundwork Trust in Administration

Summary of time charged and rates applicable for the period from 6 November to 13 December 2013

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | OTHER STAFF | | TOTAL | | AVERAGE HOURLY RATE £/PH |
|-----------------------------------|---------|----------|---------|-----------|-------------------|----------|----------------------|---------|---------------|-----------|-------------|---------|--------|-----------|--------------------------------|
| | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | Hours | Value £ | |
| A. Pre appointment matters | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| B. Steps on appointment | - | - | - | - | - | - | - | - | 0 70 | 103 40 | - | - | 0 70 | 103 40 | 147 71 |
| C. Planning and Strategy | - | - | 5 80 | 1,711 00 | - | - | - | - | 1 20 | 165 60 | - | - | 7 00 | 1,876 60 | 268 09 |
| D. General administration | 0 60 | 276 60 | 6 90 | 2,001 40 | 0 85 | 155 55 | - | - | 43 15 | 5,956 40 | 1 00 | 51 00 | 52 50 | 8,440 95 | 160 78 |
| E. Asset and realisations/dealing | 6 20 | 2,858 20 | 16 55 | 4,875 75 | - | - | - | - | 42 05 | 5,802 90 | - | - | 64 80 | 13,536 85 | 208 90 |
| F. Trading related matters | 2 00 | 922 00 | - | - | - | - | - | - | 17 95 | 2,477 10 | - | - | 19 95 | 3,399 10 | 170 38 |
| G. Employee matters | 6 25 | 2,881 25 | 7 70 | 2,271 50 | 10 90 | 1,994 70 | - | - | 21 45 | 2,776 80 | 0 50 | 32 00 | 46 80 | 9,956 25 | 212 74 |
| H. Creditor claims | 0 50 | 230 50 | 3 60 | 1,062 00 | - | - | - | - | 8 95 | 1,235 10 | - | - | 13 05 | 2,527 60 | 193 69 |
| I. Reporting | - | - | - | - | - | - | - | - | 12 60 | 1,738 80 | 0 70 | 44 80 | 13 30 | 1,783 60 | 134 11 |
| J. Distribution and closure | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| K. Other work - travel time | - | - | 11 00 | 3,245 00 | - | - | - | - | 5 20 | 717 60 | - | - | 16 20 | 3,962 60 | 244 60 |
| TOTAL | 15 55 | 7,168 55 | 51 55 | 15,166 65 | 11 75 | 2,150 25 | - | - | 153 25 | 20,973 70 | 2 20 | 127 80 | 234 30 | 45,586 95 | 194 57 |

Appendix E - A creditors' guide to fees and schedule of charge out rates

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, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

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 remuneration

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

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

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. 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 (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be

fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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. Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval

6. Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When fixing bases of remuneration

7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

7.1 2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case. 7.1 3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff

7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been subcontracted out that could otherwise be carried out by the administrator or his or her staff

7.2 After the bases of remuneration have been fixed

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8.1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.3 Disbursements and other expenses

7.3 1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 disbursements These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- Category 2 disbursements These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

7.3 2 The following are not permissible:

- a charge calculated as a percentage of remuneration;
- an administration fee or charge additional to the administrator's remuneration;
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges

8 Progress reports and requests for further information

8 1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);

- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of
- whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved;
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9. Provision of information - additional requirements

The administrator 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.

10 What if a creditor is dissatisfied?

10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). 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

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration

11 What if the administrator is dissatisfied?

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. 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.

12 Other matters relating to remuneration

12.1 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

12.2 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.

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.

12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them

13. Effective date

This guide applies where a company enters administration on or after 1 November 2011.

Appendix**Suggested format for the provision of information**

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

Narrative overview of the case

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the administrator,
- the administrator's effectiveness;
- the value and nature of the property in question

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers;
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy;
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration;
- 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;
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period;
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration

Time cost basis

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes
- A description of work carried out, which might include.
 - details of work undertaken during the period, related to the table of time spent for the period;
 - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
 - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- Time spent and charge-out summaries, in an appropriate format

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested 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 level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case;
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features);
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted

SCHEDULE OF ADMINISTRATORS' CHARGE-OUT RATES

The table detailed below sets out the current charge-out rates utilised by BDO LLP for charging staff time

| | |
|----------------------------|----------------------|
| Partner | £461 per hour |
| Director | £381 per hour |
| Senior Manager | £295 per hour |
| Manager | £204 - £254 per hour |
| Supervisor | £183 per hour |
| Administrator | £136 - £165 per hour |
| Assistants & Support Staff | £48 - £110 per hour |

In common with most professional services firms, BDO LLP's charge-out rates change from time to time, although each individual change is not material. The rates charged reflect various changes over the course of each assignment.

Disbursements

Category 1 Disbursements

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

All category 1 disbursements will be charged at the actual cost incurred.

Category 2 Disbursements

Category 2 disbursements will comprise cost allocations which may arise on some of the category 1 expense where supplied internally, typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying and printing, and allocated communication costs provided by the officeholder or his firm.

Category 2 Disbursements will not be charged by BDO LLP in connection with this matter.

Appendix F - Statement of Administrators' proposals

The Insolvency Act 1986

**Statement of administrators
proposals****2.17B**

Name of Company
Merthyr And Rhondda Cynon Taff Groundwork
Trust

Company Number

02087537

In the
High Court of Justice, Birmingham District
Registry, Chancery Division
[full name of court]

Court case number *(For court use only)*

8579 of 2013

(a) Insert full name(s) and
address(es) of
administrator(s)

We^(a)

Ian J Gould and Simon E J Girling of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to creditors on

(b) Insert date

(b)

20 December 2013

Signed


Ian Gould - Joint Administrator

Dated December 2013

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

Ian J Gould

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Tel 0121 352 6200

DX Number

DX Exchange

Companies House receipt date barcode

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

Appendix G - List of the Trust's creditors

Merthyr And Rhondda Cynon Taff Groundwork Trust
B - Company Creditors

| Key | Name | Address | £ |
|------|---------------------------------------|--|------------|
| CA00 | Autoglass | 1 Priory Business Park, Cardington, Bedfordshire, MK44 3US | 50.00 |
| CA01 | ATH Building Contractors | Unit A5, Compass Business Park, Pacific Road, ocean Way, Cardiff, CF24 5HL | 8,534.89 |
| CA02 | Audio Trails Limited | 40 Strettea Lane, Highan, Derbyshire, DE55 6EJ | 0.00 |
| CB00 | B & Q | Trade UK, Selectapost 28, Sheffield, S97 3GE | 194.81 |
| CB01 | British Telecom | BT Payment Centre, Durham, DH98 1BT | 108.90 |
| CB02 | Blackwood Chainsaws | Mill Garage, Gelli Gnes, Blackwood, Gwent, NP12 2JA | 24.00 |
| CB03 | British Gas Business | PO Box 254, Camberley, Surrey, GU15 3YH | 0.00 |
| CB04 | Bryn Quarry Ltd | Gelliargwell Farm, Gelligaer, Hengoed, CS82 8FY | 0 00 |
| CC00 | COS Group | Unit 6, Ty Verlon Industrial Estate, Cardiff Road, Barry, CF63 2BE | 352.66 |
| CC01 | Caerphilly Garden Centre | Penrhos, Nantgarw Cardiff, CF15 7UN | 320.27 |
| CC02 | Chris Howell Timber | 10 Oakfield Gardens, Royal oak, Machen, Caerphilly, CF83 8RS | 149.64 |
| CC03 | Chubb Security | Number 1 @ the Beehive, Lions Drive, Blackburn, Lancashire, BB1 2QS | 1,190.10 |
| CC04 | Comptec | 36 Celandine Court, Ty Canol, Cwmbran, Torfaen, NP44 6JU | 0.00 |
| CC05 | Cathedral Leasing | | 0 00 |
| CC06 | The Co-Operative Bank | 3rd Floor, 1 Balloon Street, Manchester, M60 4EP | 270,000.00 |
| CD00 | Days Contract Hire | Swansea Road, Garngoch, Swansea, SA4 4LL | 20.00 |
| CD01 | D Hughes | Pontsarn Road, Pant Industrial Estate, Dowlais, Merthyr Tydfil, CF48 2TN | 300 00 |
| CE00 | Employee Claims | | 205,577.00 |
| CF00 | Forest Park & Garden | Coed Court, Treforest Industrial Estate, Pontypridd, CF37 5SW | 0 00 |
| CG00 | Groundwork UK | Lockside, 5 Scotland Street, Birmingham, B1 2RR | 35,801.96 |
| CG01 | Groundwork Caerphilly | Mynydd Islwyn Offices, Bryn Road, Pontllanfraith, Blackwood, NP12 2BH | 870 00 |
| CG02 | Groundwork Wales | Unit G5, Main Avenue, Treforest Industrial Estate, Pontypridd | 662 40 |
| CG03 | Goplactic Ltd | 40 St Martin's Road, Caerphilly, South Wales, CF83 1EJ | 0.00 |
| CH00 | Huw John & Co | 5-7 Mill Street, Pontypridd, CF37 2SN | 660 00 |
| CH01 | HM Customs & Excise - VAT | 1st Floor, Queens Dock, Liverpool, L74 4AG | 50,000.00 |
| CI00 | HM Revenue & Customs | Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE | 12,000 00 |
| CL00 | LWE Projects Ltd | Ailsa Craig, Cwmynysminton Road, Liwydcoed, Aberdare, CF44 0UP | 14,896 06 |
| CM00 | Merthyr Tydfil County Borough Council | Civic Centre, Castle Street, Merthyr Tydfil, CF47 8AN | 20.00 |
| CM01 | MT Business Club | The Orbit Centre, Rydyccar Business Park, Merthyr Tydfil, CF48 1DL | 0.00 |
| CM02 | Margaret Hannigan Popp | 2 Brook Villas, Brynteg Lane, LLANTRISANT, CF72 8LR | 0.00 |
| CN00 | Newhall Janitorial | Holden Road, Leckwith Industrial Estate, Cardiff, CF11 8BS | 0.00 |
| CO00 | Old Merthyr Tydfil | 72 Twelfth Avenue, Merthyr Tydfil, CF47 9TD | 0.00 |

Merthyr And Rhondda Cynon Taff Groundwork Trust
B - Company Creditors

| Key | Name | Address | £ |
|-----------------------------|---|--|-------------------|
| CP00 | PricewaterhouseCoopers | One Kingsway, Cardiff, CF10 3PW | 5,616.00 |
| CP01 | Pinnacle Office Equipment | Fairway House, Links Business Park, St Mellons, Cardiff, CF3 0LT | 1,506.60 |
| CP02 | PK Safety | Dragon House, Pontcynon Industrial Estate, Abercynon, CF45 4NA | 0.00 |
| CR00 | Rhondda Cynon Taff County Borough Council | Bronwydd House, Porth, Rhondda, CF39 9DL | 163.80 |
| CR01 | Roadrunner Tyres & Service Centre | Unit 6, Aberdare Business Park, Roberts Town, Aberdare, CF44 8ER | 0.00 |
| C500 | System Electrical Engineering Ltd | Compass House, Merthyr Tydfil Industrial Park, Pentrebach, Merthyr Tydfil, CF48 4DR | 638.40 |
| C501 | Samatrx | Unit 1a, Century Park, Enterprise Zone, Swansea, SA6 8RP | 365.70 |
| C502 | Speedy Asset | Chase House, 16 The Parks, Newton Le Willows, Merseyside, WA12 0JQ | 0.00 |
| C503 | SOVA | 57-59 St Mary Street, Cardiff, CF10 1FE | 0.00 |
| CT00 | T Mobile | Customer Services, Everything Everywhere Limited, 6 Camberwell Way, Doxford, Sunderland, SR3 3XN | 231.48 |
| CT01 | Travis Perkins | C/O The P & A Partnership, 93 Queen Street, Sheffield, S1 1WF | 103.70 |
| CT02 | Trade UK | c/o the P&A Partnership, 93 Queen Street, Sheffield, S1 1WF | 0.00 |
| CW00 | Willows Garden Centre | Merthyr Tydfil, CF48 1YF | 401.81 |
| CW01 | WCVA | Baltic House, Mount Stuart Square, Cardiff, CF10 5FH | 0.00 |
| 46 Entries Totalling | | | 610,760.18 |

Appendix H - Draft Statement of Affairs

A – Summary of Assets of Merthyr & Rhondda Cynon Taff Groundwork Trust

| Assets | Book Value £ | Estimated To realise £ |
|--|--|---|
| Assets Subject to Fixed Charge: Fedw Hir Offices and Buildings (not inclusive of land, Never valued) Less Co-op loan 308 | 680,000 | 500,000 192,000 |
| Assets Subject to Floating Charge: Motor Vehicles (as bought) Zafira 2 tippers 4 minibuses Workshop machinery Land management and Grass cutting machinery Hand Tools Computers, Fixtures and Fittings Cash in Bank Outstanding debtors (as at 31/10/2013) | 5,000 14,500 28,000 15,000 8,000 2,000 15,000 40,000 112,504 | 500 6000 12,000 8000 4000 500 4000 40,000 112,504 |
| Uncharged Assets. | | |
| Estimated total Assets available for preferential creditors | 920,004 | 379,504 |

Signature _____ Date _____

A1 – Summary of Liabilities of Merthyr & Rhondda Cynon Taff Groundwork Trust

| | £ | Estimated To realise £ |
|--|---------------|---------------------------|
| Estimated total assets available for preferential customers (carried from page A) | | 379,504 |
| Liabilities: | | |
| Preferential Customers staff redundancies | | 212,000 |
| Estimated deficiency/surplus as regards preferential creditors | | 212,000 |
| Estimated prescribed part of net property where applicable (to carry down) | | 167,504 |
| Estimated total assets available for floating charge holders | | 167,504 |
| Debts secured by floating charges | | 0.00 |
| Estimated deficiency/surplus of assets after floating charges | | 167,504 |
| Estimated prescribed part of net property where applicable (brought down) | | 167,504 |
| Estimated assets available to unsecured creditors | | 167,504 |
| Unsecured non –preferential claims (excluding any shortfall to floating charge holders) | | |
| Income in advance | 0 00 | |
| Trade creditors | 73,640 | |
| Groundwork UK | 40,000 | |
| Social security | 0 00 | |
| VAT | <u>45,000</u> | |
| | 158,640 | |
| Total | | 8,864 |
| Estimated deficiency/surplus as regards non preferential creditors (excluding any shortfall to floating charge holders) | | 8,864 |
| Shortfall to floating charge holders | | 0 00 |
| Estimated deficiency/surplus as regards creditors | | 0 00 |
| Issued and called up capital | | |
| Estimated total deficiency/surplus as regards members | | 0 00 |

Signature _____ Date _____

Appendix J - Notice of Meeting of Creditors, Proof of Debt Form, and, Proxy Form

The Insolvency Act 1986

**Notice of a meeting of
creditors****2.20B**

| | |
|---|--|
| Name of Company Merthyr And Rhondda Cynon Taff Groundwork Trust | Company Number 02087537 |
| In the High Court of Justice, Chancery Division, Birmingham District Registry [full name of court] | Court case number (For court use only) 8579 of 2013 |

(a) Insert full name(s) and
address(es) of
administrator(s)

Notice is hereby given by ^(a)

Ian J Gould and Simon E J Girling of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

(b) Insert full name and
address of registered office of
the company

that a meeting of the creditors of ^(b) Merthyr And Rhondda Cynon Taff Groundwork Trust of 125 Colmore Row, Birmingham, B3 3SD

(c) Insert details of place of
meeting

is to be held at ^(c) Fedw Hir, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44, 0DX

(d) Insert date and time of
meeting

on ^(d) 13 January 2014 at 11 30 hours

The meeting is

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986, or

~~*(2) an initial creditors' meeting requested under paragraph 52(2) of Schedule B1 to the Insolvency Act 1986~~~~*(3) to consider revisions to my proposals under paragraph 54(2) of Schedule B1 to the Insolvency Act 1986~~~~*(4) a further creditors' meeting under paragraph 56 of Schedule B1 to the Insolvency Act 1986~~~~*(5) a creditors' meeting under paragraph 62 of Schedule B1 to the Insolvency Act 1986~~

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented

In order to be entitled to vote under Rule 2 38 at the meeting you must give me, not later than noon on the business day preceding the meeting, details in writing of your claim

Signed



Ian Gould - Joint Administrator

Dated 20 December 2013

A copy of the proposal is attached

Proof of Debt – General Form

Merthyr And Rhondda Cynon Taff Groundwork Trust (In Administration)

Date of appointment of Administrator 6 November 2013

| | | |
|----|---|---|
| 1 | Name of creditor (If a company please also give company registration number) | |
| 2 | Address of creditor for correspondence | |
| 2a | Email address (By including an email address on this form you are consenting to receive future correspondence by email) | |
| 2b | Your reference or account number If applicable | |
| 3 | Total amount of claim Include any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration | £ |
| 4 | Details of any documents by reference to which the debt can be substantiated There is no need to attach them now but the joint administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting | |
| 5 | Uncapitalised interest If amount in 3 above includes outstanding uncapitalised interest please state amount | £ |
| 6 | Particulars of how and when debt incurred If you need more space append a continuation sheet to this form | |
| 7 | Particulars of any security held Include the value of the security and the date it was given | |
| 8 | Particulars of any reservation of title Include full details of the goods supplied to which the claim relates | |
| 9 | Signature of creditor or person authorised to act on his behalf _____ Name in BLOCK LETTERS _____ Position with or in relation to creditor _____ Address of person signing (if different from 2 above) _____ _____ | |

To be completed by the joint administrators when admitting claims

| | | | | | |
|----------------------|---|--|---------------------------|---|--|
| Admitted to vote for | £ | | Admitted for dividend for | £ | |
| Date | | | Date | | |
| Joint Administrator | | | Joint Administrator | | |

Proxy (Administration)

**Merthyr And Rhondda Cynon Taff Groundwork Trust in
Administration**

**PAGE
1 of 2**

Name of Creditor _____

Address _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. 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.

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion.

*Please delete as appropriate

Name of Proxy Holder

1 _____

2 _____

3 _____

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on **13 January 2014**, 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

For the **ACCEPTANCE / REJECTION*** of **Resolution 1**, being that

The Joint Administrators to do all such things and generally exercise all their powers as Joint 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

For the **ACCEPTANCE / REJECTION*** of **Resolution 2**, being that

A creditors committee be formed and for the appointment of

(name of individual)

representing _____
(name of creditor)

as a member of the creditors' committee

For the **ACCEPTANCE / REJECTION*** of **Resolution 3**, being 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

(CONTINUED OVERLEAF)

Proxy (Administration)

Merthyr And Rhondda Cynon Taff Groundwork Trust in
AdministrationPAGE
2 of 2*Please delete as
appropriate

Voting instructions for resolutions (continued)

For the **ACCEPTANCE / REJECTION*** of **Resolution 4**, being that

The Joint Administrators at their sole discretion and at a time they feel is appropriate 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 Simon Girling of BDO LLP (the Joint Administrators) be appointed Joint Liquidators, or

_____ (insert name of licensed Insolvency Practitioner)
be appointed Liquidator of the Company in accordance with Paragraph 83(7) of the same

OR

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 Trust be compulsorily wound-up and Ian James Gould and Simon Edward Jex Girling (the Joint Administrators) may be appointed Joint Liquidators, if they so desire,

OR

file the necessary return at Court and with the Registrar of Companies to dissolve the Trust pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986

For the **ACCEPTANCE / REJECTION*** of **Resolution 5**, being that

The Joint Administrators be remunerated in the sum of £6,000 as a fixed sum in relation to the work undertaken prior to their appointment as Joint Administrators

For the **ACCEPTANCE / REJECTION*** of **Resolution 6**, being that

The Joint Administrators shall be remunerated on a time costs basis by reference to BDO LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration

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

In order to be entitled to vote at the meeting of creditors', under Rule 2 38 of the Rules, you must give to the Joint Administrators, not later than 12 00 hours on 10 January 2014, details in writing of your claim

Creditors should return their completed proxies and proof of debts to Ilyas Multani via fax on +44 (0)121 352 6200, via e-mail to ilyas.multani@bdo.co.uk, or, via post to 125 Colmore Row, Birmingham, B3 3SD