

The Insolvency Act 1986

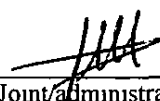
Administrator's progress report

Name of Company Merthyr And Rhondda Cynon Taff Groundwork Trust	Company number 02087537
In the The High Court of Justice, Chancery Division, Birmingham District Registry [full name of court]	Court case number 8579 of 2013

- (a) Insert full name(s) and address(es) of administrator(s) **I/We (a) Ian Gould and Simon Edward Jex Girling of BDO LLP 125 Colmore Row, Birmingham, B3 3SD**

administrator(s) of the above company attach a progress report for the period

(b) Insert date	From	to
	(b) 6 May 2014	(b) 23 September 2014

Signed 
Joint administrator(s)

Dated 15/10/14

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 7866/IM/Form 2/A6	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**



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COMPANIES HOUSE

THURSDAY



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125 Colmore Row
Birmingham
B3 3SD

Private and Confidential

TO ALL KNOWN CREDITORS AND MEMBERS
THE HIGH COURT
THE REGISTRAR OF COMPANIES

23 September 2014

Your ref
Our ref 00237101/KOR/IM

Direct line. 0121 265 7220
Email ilyas_multani@bdo.co.uk

Dear Sirs

Merthyr And Rhondda Cynon Taff Groundwork Trust In Administration ("the Trust")

Report to creditors on the progress of the administration pursuant to Rules 2.47 and 2.112 of the Insolvency Rules 1986

We refer to our appointment on 6 November 2013 as Joint Administrators of the Company.

The following schedules are attached to this report:

Appendix A	Statutory information
Appendix B	Form 2.24B Administrators' progress report
Appendix C	A summary of the Joint Administrators' receipts and payments account for the period from 6 May 2014 to 23 September 2014
Appendix D	An analysis of the Joint Administrators' time charged to the Administration from 6 May 2014 to 23 September 2014
Appendix E	An analysis of the Joint Administrators' time charged to the Administration from 6 November 2013 to 23 September 2014
Appendix F	A creditors' guide to administrators' fees

1. General overview

- 1.1 This is our second progress report on the Administration of the Trust, prepared and distributed in accordance with Rules 2.47 and 2.112 of The Insolvency Rules 1986 (the "Rules").
- 1.2 This report covers the period from 6 May 2014, being the day after the period covered by our first progress report, to 23 September 2014 ("the Period").
- 1.3 This report should be read in conjunction with the Administrators' Proposals ("the Proposals") issued in December 2013 and our first progress report issued in June 2014.

4022052/RDT/IW/LJG

Details of the authorising bodies of the Insolvency appointment takers of BDO LLP are available at www.bdo.co.uk/services/business_restructuring/authorising_bodies_of_insolvency_appointment_takers

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2. The Administrators Proposals

2.1 In accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986 and Rule 2.34 of the Insolvency Rules, a meeting of the Trust's creditors was duly held on 13 January 2013, during which the Proposals were approved without modification. The Proposals were:

- (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.

3. Statutory objectives

3.1 Pursuant to Paragraph 3(1) of Schedule B1 of the Act, we are required to perform our 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

3.2 The first statutory objective, 3(1) (a) of Schedule B1 of the Act, cannot be achieved as the level of creditors liabilities meant that it would not be possible to rescue the Company as a going concern.

3.3 On the onset of the Administration, some of the Trust's staff were retained with 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 projects to any prospective buyers or like minded organisations would protect the amounts due to the Trust by way of invoiced debt or work in progress. Unfortunately, due to the uncertainty associated with the re- assignment or transfer of certain projects, we were unable to complete on the sale of the business to Groundwork Caerphilly, being the only interested party. As a result of this, there was no other option but to cease trading.

Whilst we continue to pursue the Trust's debtors, the outcome in respect of 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 currently uncertain.

3.4 We consider that the third statutory objective, 3(1) (c) of Schedule B1 of the Act, will be accomplished in that property will be realised in order to make a distribution to one or more secured and/or preferential creditors.



4. Exit from Administration

- 4.1 As advised in our previous report, it appears likely that there will be sufficient funds available to enable a distribution to the Company's preferential creditors and the prospect of a return to the Company's unsecured creditors. However, any return to creditors is largely depend on the sale of the Trust's freehold property known as Fedw Hir ("the Property") and the ranking of the Co-operative Bank Plc's security over the property
- 4.2 It is unlikely that we will be able to complete on the sale of the property prior to 5 November 2014, being the date on which our appointment will automatically terminate
- 4.3 Therefore, we will seek the consent of the Company's creditors to extend the Administration for a period of up to six months
- 4.4 We anticipate that prior to the six month extension expiring, the Company will exit the Administration via Creditors' Voluntary Liquidation.

5. Asset realisations

- 5.1 The following assets were realised in the Period or have otherwise yet to be realised.

Freehold Property known as Fedw Hir

Sale of the Property

- 5.2 As advised in our previous report, we have accepted an offer of £375,000 (subject to contract) for the sale of the property. Unfortunately, due to certain restrictions imposed on the property by the local authority, the purchaser's mortgage lender is unwilling to loan against the property unless these restrictions are varied or lifted. Therefore, we have been unable to exchange contracts at this stage.
- 5.3 The purchaser is currently seeking the advice of a local planning officer, with a view to altering the restrictions and satisfying the mortgage lenders criteria.
- 5.4 In the event that the purchaser withdraws from the sale or if the sale fall through, we will consider placing the property in an auction

Co-operative Bank Plc. ("Co-Op") legal charge

- 5.5 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 Patton Boggs (UK) LLP are assisting us with clarifying the validity of the security charged against the property by the Co-op.
- 5.6 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.



Tenant occupation under Service Level Agreement ("SLA")

- 5.7 On 12 September 2014, Janro Ltd ended their tenancy and vacated the premises. During the period of this report, we have received rent payment of £4,538. Payments for the month of August and September (up to date of vacation) remain outstanding.
- 5.8 Rent received from the date of our appointment equates to £9,434.

Licence to Occupy Agreement

- 5.9 On 5 September 2014, the licence to occupy agreement with Groundwork Caerphilly expired. The licence has not been renewed.
- 5.10 During the period of this report, the sum of £300 has been received in respect of rent. Rent received from 6 March 2014, being the date the licence commenced, equates to £400.

Warden's Lodge

- 5.11 The caretaker continues to reside on site and is responsible for site security and property maintenance. The caretaker remains on the Company's payroll. We anticipate that the caretaker will remain an employee of the Company until the property is sold.

Post administration trading

- 5.12 As advised in the Proposals, 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.

Book debts

- 5.13 During the period of this report, we have not made any further realisations in respect of book debts. Since the date of our appointment, sums totalling £23,479 have been recovered.

Furniture, equipment and motor vehicles

- 5.14 Our agents, Messrs MGR Appraisals Limited ("MGR") have now forwarded all funds realised in respect of the company's chattel assets.
- 5.15 Total realisations from the Company's chattel assets equate to £33,599.

Other realisations

- 5.16 During the period of the report, the following sundry amounts were received.
- Western Power Distribution Rent £123
 - Bank interest net of tax of £3
 - Bank interest gross of £2

6. Other matters

- 6.1 As discussed earlier in this report, we are seeking to complete on the sale of the Trust's freehold property. However, it is highly unlikely that this sale will complete prior to 5 November 2014, being the date the Trust will automatically exit the Administration. Therefore, we are seeking an extension of the Administration.
- 6.2 As advised in the Proposals, prior to our appointment, the Trust was involved in an industrial tribunal claim which remains under investigation. In the event that any claim is awarded, the claim is likely to be an unsecured claim against the Trust in Administration.
- 6.3 In addition to the above claim and as a result of the post Administration redundancies, there are a number of Tribunal Claims made against the Trust from former employees on the grounds of 'failure to consult'. Any claims are also likely to rank as unsecured claims against the Trust in Administration.
- 6.4 Pursuant to comments made earlier in this report, the outcome to unsecured creditors is largely dependant on the ranking of the security held by Co-Op (see section 5.5).

7. Investigations

- 7.1 As Joint Administrators, we have a statutory duty to undertake an investigation into the financial affairs of the Company and the conduct of any person we believe to have been a director or shadow director of the Company in the three years prior to the commencement of the Administration. Our findings have been submitted in a confidential report to the Department for Business Innovation and Skills.
- 7.2 Creditors are invited to advise us of any matters relating to the Company's affairs which they have not already brought to our attention.

8. Secured Creditors

- 8.1 According to the records maintained by the Registrar of Companies, there are no registered charges against the Trust or its assets.
- 8.2 As advised earlier in this report, the Co-op have registered a charge at the land registry against the Trust's freehold property but did not register its security at Companies House. Our legal advisors are in discussions with the Co-op's solicitors in respect of the validity and ranking of the Co-op's security.
- 8.3 For the purposes of this report only, we have assumed that Co-op do not hold security over the Company's property.

9. Preferential Creditors

- 9.1 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:

	Preferential £	Unsecured £	Total £
Employee Redundancy Payments Office	7,789	29,257	37,046
	26,502	163,368	189,870
TOTAL	34,291	192,625	226,916

- 9.2 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 entirely dependant on the sale of the property and the ranking of the Co-operative Bank Plc's security over the property

10. Unsecured Creditors

- 10.1 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	161,056
HM Revenue & Customs - PAYE/NIC	19,043
HM Revenue & Customs - VAT	3,096
Employee claims	192,625
Groundwork UK	35,800
The Cooperative Bank	270,000
	<u>681,620</u>

- 10.2 As advised in our previous reports, prior to our appointment, the Trust was involved in an industrial tribunal claim. Any claim awarded, is likely to rank as an unsecured claim against the Trust in Administration.
- 10.3 In addition to the above claims and as a result of the post Administration redundancies, there are a number of Tribunal Claims made against the Trust from former employees on the grounds of 'failure to consult'. Any awarded claims are also likely to rank as an unsecured claim against the Trust in Administration.
- 10.4 Based on current information, there will be a return to unsecured creditors of the Company Pursuant to comments made earlier in this report, any such return is largely dependant on the sale of the Trust's property and the validity of the Co-Op's security

11. Prescribed Part

- 11.1 Section 176A of the Act requires Administrators to set aside a prescribed amount of the Company'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 Company on or after 15 September 2003.
- 11.2 A prescribed part calculation will not be required as the amount of net property is £nil.



12. Administrator's Remuneration and disbursements

Pre-appointment costs

- 12.1 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
- 12.2 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.
- 12.3 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.
- 12.4 The payment of unpaid pre-administration costs as an expense of the administration is subject to approval in accordance with Rule 2.67(A). As part of the Administrators' proposals, a request to draw fees to the sum of £6,000 (as oppose to the value of our time costs) was put to the relevant creditors at the meeting of creditors held on 13 January 2014.
- 12.5 As advised earlier in this report, the Administrators Proposals were approved, without modification, on the same date.
- 12.6 No pre-appointment fees have been drawn during the period of this report. We intend to draw our agreed fee of £6,000 as soon as sufficient funds are available. The remainder of our pre-appointment time costs will be written off.

Post Appointment Time costs

- 12.7 At the creditors meeting on 13 January 2014, creditors approved that we should be remunerated on a time costs basis by reference to BDO LLP's normal rates for the time spent by us and our staff in attending to matters arising in the Administration.
- 12.8 Total post appointment time costs incurred from the date of Administration to 23 September 2014 amounts to £132,736 which represents 636 hours at an average hourly rate of £209. Total time incurred during the period of this report amounts to £20,834 which represents 138 hours at an average hourly rate of £151.



- 12.9 We would advise that no fees have been drawn in respect of these time costs during the Period of this report.
- 12.10 A detailed analysis of the time costs incurred is enclosed and the charge-out rates for the period are summarised as follows:

Staff grade	Average rate (£ per hour)
Partner / Director	461 - 319
Senior Manager / Manager	295 - 230
Supervisor	185
Administrator / Support Staff	156 - 62

- 12.11 These amounts are derived by reference to BDO LLP's normal rates for time properly given by me and my staff in attending to matters arising in this insolvency. Where members of our staff have been employed on this insolvency they have been so based on their experience and abilities in dealing with a case of this nature. Where appropriate, certain staff dealt with a specific area of the Administration due to their specialist skills in that area. We should advise you that our scale rates increase from time to time over the period of the administration of each insolvency.
- 12.12 All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.
- 12.13 A creditors' guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees, can be obtained by visiting our website. The relevant guide can be accessed through www.bdo.co.uk/cgtf. A copy of the guide can be provided upon request by contacting this office.
- 12.14 During the Period, the following costs were incurred (in relation to floating charge realisations unless otherwise stated):
- Property Maintenance - £83
 - Council Tax - £671
 - Agent/Valuer Fees - £5,000
 - Payroll fees £80
 - Wages & Salary £6,488
 - Management Assistance £2,928
 - Stationary & Postage £73
 - Storage Costs £629
 - Bank charges of £9



- 12.15 For the avoidance of doubt, we do not propose to charge internal disbursements, known as Category 2 disbursements to the Administration estate.
- 12.16 Any secured creditor or unsecured creditor with the concurrence of at least 5% in value of the total unsecured creditors, including the value of their own claim, or with the permission of the Court, may make a formal request in writing to the Administrators for further information about the remuneration or expenses (other than pre-administration costs) set out in this report, pursuant to Rule 2.48A of the Rules as amended. Such request must be made within 21 days of receipt of the progress report.
- 12.17 Any secured creditor, or unsecured creditor with either the concurrence of at least 10% in value of the total unsecured creditors, including the value of their own claim or the permission of the Court, may make an application to the Court to challenge the Administrators' remuneration or other expenses pursuant to Rule 2.109 of the Rules as amended. Such an application must be made within 8 weeks of receipt of the progress report which first reports the charging of remuneration or the incurring of expenses in question. Formal notification of the application must be sent to the Administrators at least 14 days before the hearing.

Rights of Creditors

- 12.18 The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint.
13. **Proposals to extend the Administration for a period of six months**
- 13.1 For the reasons stated earlier in this report, we are seeking the consent of the Trust's Creditors to extend the Administration for a period of six months commencing on the anniversary of my appointment, pursuant to paragraph 76(1)(b) of Schedule B1 of the Insolvency Act 1986.
14. **Final remarks**
- 14.1 We trust the above provides you with sufficient information, but if you require more or have any questions please contact Ilyas Multani on 0121 265 7220.

Yours faithfully

A handwritten signature in black ink, appearing to be 'IAG' or similar, written over a horizontal line.

Ian 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	<p>At the date of Administration, the Trust's registered office was situated at Fedw Hir, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44, ODX.</p> <p>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.</p>
Administrators	<p>Ian James Gould and Simon Girling BDO LLP 125 Colmore Row Birmingham B3 3SD</p> <p>IP numbers: 7866 and 9283</p> <p>The Joint Administrators were appointed on 6 November 2013 by the Trust's Trustees.</p> <p>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.</p>
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	
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.

Details of Administration: It was not envisaged that there would be any extensions of time to the initial period of Administration of one year, as set out in Schedule B1 paragraph 76

However, pursuant to comments made in this report, we are seeking the consent of the Trust's Creditors to extend the Administration for a period of six months, pursuant to paragraph 76(1)(b) of Schedule B1 of the Insolvency Act 1986

Prior to this, no time extensions have been sought in the Administration, although we are seeking an extension in conjunction with this report.



APPENDIX B - FORM 2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Merthyr And Rhondda Cynon Taff Groundwork Trust

Company number

2087537

In the

**The High Court of Justice, Chancery Division
Birmingham District Registry**

Court case number

8579 of 2013

[full name of court]

(a) Insert full name(s) and
address(es) of administrator(s)I/We (a) Ian Gould and Simon Edward Jex Girling of BDO LLP 125 Colmore Row,
Birmingham, B3 3SD

administrator(s) of the above company attach a progress report for the period

(b) Insert date

from

(b)

6 May 2014

to

(b)

23 September 2014

Signed


Joint/administrator(s)

Dated

27/9/14



APPENDIX C - RECEIPTS AND PAYMENTS ACCOUNT

Merthyr And Rhondda Cynon Taff Groundwork Trust
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 06/05/2014 To 23/09/2014	From 06/11/2013 To 23/09/2014
FIXED CHARGE ASSETS		
Rent	4,537.74	9,434.00
License To Occupy - GWK Caerphilly	300.00	400.00
Council Tax - The Lodge	(670.71)	(670.71)
Property Maintenance	(82.50)	(82.50)
	<u>4,084.53</u>	<u>9,080.79</u>
FIXED CHARGE COSTS		
Utility Bills	NIL	2,709.03
EPC	NIL	1,190.00
	<u>NIL</u>	<u>(3,899.03)</u>
ASSET REALISATIONS		
Furniture & Equipment	11,000.00	11,000.00
Motor Vehicles	5,000.00	22,599.00
Book Debts	NIL	23,479.06
Insurance Refund	NIL	764.80
Rent	NIL	792.69
PayPal Account	NIL	88.28
Bank Interest Gross	1.63	1.63
Bank Interest Net of Tax	3.28	8.25
Western Power Distribution Rent	122.62	122.62
	<u>16,127.53</u>	<u>58,856.33</u>
COST OF REALISATIONS		
Payroll Fees	80.00	1,520.00
Management Assistance	2,928.12	8,169.26
Agents/Valuers Fees (1)	5,000.00	5,000.00
Legal Fees (1)	NIL	794.00
Stationery & Postage	72.91	114.76
Storage Costs	628.75	9,044.34
Statutory Advertising	NIL	161.30
Insurance of Assets	NIL	67.31
Wages & Salaries	6,847.81	24,916.01
Bank Charges	8.96	20.84
	<u>(15,566.55)</u>	<u>(49,807.82)</u>
	<u><u>4,645.51</u></u>	<u><u>14,230.27</u></u>
REPRESENTED BY		
Trade Debtors		2,388.68
Vat Input		85.86
Bank 1 Current		913.13
Bank 2 Current		7,562.60
Trade Creditors		3,230.00
Suspense Account		50.00
		<u><u>14,230.27</u></u>



APPENDIX D - TIME COSTS ANALYSIS FOR THE PERIOD FROM 6 May 2014 TO 23 September 2014

Name of assignment: Merthyr And Rhondda Cynon Taf Groundwork Trust in Administration

Summary of time charged and rates applicable for the period from 6 May 2014 to 23 September 2014

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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Planning and Strategy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D. General administration	1 50	691 50	5 10	1,219 30	2 45	448 35	3 80	653 60	19 60	2,704 80	4 35	333 90	0 20	27 60	138 00
E. Asset and realisations/realising	0 75	345 75	1 30	383 50	-	-	-	-	45 40	6,265 20	-	-	36 80	6,031 45	164 44
F. Trading related matters	-	-	-	-	-	-	-	-	-	-	-	-	47 45	6,994 45	147 41
G. Employee matters	0 25	115 25	9 85	2,002 25	-	-	-	-	22 10	2,759 25	-	-	32 20	4,876 75	151 45
H. Creditor claims	-	-	-	-	-	-	-	-	3 90	538 20	-	-	3 90	538 20	138 00
I. Reporting	-	-	-	-	-	-	-	-	17 00	2,346 00	-	-	17 00	2,346 00	138 00
J. Distribution and closure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K. Other work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	2 50	1,132 50	16 25	3,605 05	2 45	448 35	3 80	653 60	108 20	14,641 05	4 35	333 90	137 55	20 834 45	151 47



***APPENDIX E - TIME COSTS ANALYSIS FOR THE PERIOD FROM 6 November 2013 TO 23
September 2014***

Name of assignment: Merthyr And Rhondda Cynon Taff Groundwork Trust in Administration

Summary of time charged and rates applicable for the period from 6 November 2013 to 23 September 2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		TOTAL		AVERAGE HOURLY RATE £ PH1
	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	Hours	Value £	
A. Pre appointment matters	7 25	3,342.25	7 00	1,947 40	-	-	-	-	25 05	3,456 90	-	-	39 30	8,746 55	222.56
B. Steps on appointment	7 25	3,342 25	-	-	-	-	-	-	0 40	62.00	-	-	7 65	3,404 25	445 00
C. Planning and Strategy	9 25	4,264 25	5 80	1,711 00	-	-	-	-	1 40	193 20	-	-	16 45	6,168 45	374 98
D. General administration	3 90	1,797 90	32.25	8,916 55	6 05	1,107 15	6 40	1,100 80	90 35	12,470 00	11 60	804 90	150 55	26,197 30	174 01
E. Asset and realisations/dealing	9 35	4,310 35	22.75	6,698 25	-	-	-	-	125 50	17,319 00	-	-	157 60	28,327 60	179 74
F. Trading related matters	7 00	3,227 00	-	-	-	-	-	-	13 70	1,890 60	-	-	20 70	5,117 60	247 23
G. Employee matters	6 80	3,134 80	20 05	4,956 05	22.65	4,154 95	-	-	45 80	5,768 55	0 50	32.00	95 80	18,046 35	188 38
H. Creditor claims	2 70	1,244 70	4 60	1,344 00	-	-	-	-	23 30	3,215 40	0 20	15 60	30 80	5,819 70	188 95
I. Reporting	-	-	0 80	236 00	-	-	-	-	38 30	5,285 40	2 50	160.00	41 60	5,681 40	136 57
J. Distribution and closure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K. Other work	19 45	8,966 45	54 70	16,136 50	-	-	-	-	0 90	124 20	-	-	75 05	25,227 15	336 14
TOTAL	72.95	33,629 95	147 95	41,945 75	28 70	5,262.10	6 40	1,100 80	364 70	49,785 25	14 80	1,012 50	635 50	132,736 35	208.87



APPENDIX F - A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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.