

**The Insolvency Act, 1986
Notice of Result of
Meeting of Creditors
Pursuant to Section 24(4)/25(6) of the
Insolvency Act 1986**

S.24(4)/25(6)

For official use

To the Registrar of Companies

Company Number

02140344

Name of Company

Parkdale Group Limited

We

Edward Victor Lawrence Blackwell
Bowman House
2-10 Bridge Street
Reading
Berks
RG1 2LU

David Harry Gilbert

Administrators of the company attach a copy of our report to the Court dated

24 December 1999

detailing the resolution(s) passed at a meeting of creditors held on

22 December 1999

Signed


Joint Administrator

Date: 24 December 1999

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

BDO Stoy Hayward
Bowman House
2-10 Bridge Street
Reading
Berks
RG1 2LU
0129/AW/LM011221/C15

For official use
General Section

Post room



In the Matter of Parkdale Group Limited

and

In the Matter of the Insolvency Act 1986

Notice of the Result of Meeting of Creditors

Pursuant to Rule 2.30 Insolvency Rules 1986 I report as follows:

The Joint Administrators' proposals were approved as follows;

The Joint Administrators' should

- a) continue to manage the affairs and property of the company and realise any remaining assets with a view to seeking advice regarding the possibility of entering into a Scheme of Arrangement;
- b) take all steps necessary to settle outstanding Administration costs and to apply to the Court for simultaneous discharge of the Administration order and the implementation of a Scheme of Arrangement **OR** the making of a Winding-Up Order, with E V L Blackwell and D H Gilbert to be appointed as Liquidators, whichever is considered to be the most appropriate course of action.

Date: 24 December 1999



.....
Edward Victor Lawrence Blackwell
Joint Administrator

Rule 2.30 Report of Meeting of Creditors

**IN THE MATTER OF
Parkdale Group Limited
and
IN THE MATTER OF THE INSOLVENCY ACT 1986**

I, Edward Victor Lawrence Blackwell, Joint Administrator of the above company hereby report that a meeting of creditors in the above matter was held at The Town Hall, Blagrove Street, Reading, Berkshire, RG1 1QH on 22 December 1999 at which:

- 1 The Chairman reported that proxy forms accepting the Joint Administrators' proposals were held totalling £15,215.95. Creditors at the meeting who voted to accept the proposals totalled £10,000. There were no votes against accepting the proposals.

Proposals in the form hereto annexed were consequently approved.

- 2 No creditor's committee was appointed

Dated: 24 December 1999

Signed:

Joint Administrator

0129/AW/LM011223/A6

Parkdale Group Limited - In Administration

**RESOLUTIONS TO BE PUT TO THE MEETING OF CREDITORS TO BE HELD
ON 22 DECEMBER 1999.**

The Joint Administrators propose that they:

- (a) continue to manage the affairs and property of the company and realise any remaining assets with a view to seeking advice regarding the possibility of entering into a Scheme of Arrangement.
- (b) consult at appropriate intervals with any Creditors' Committee established at the meeting of creditors on 22 December 1999 concerning the conduct of the Administration and implementation and development of these proposals.
- (c) take all steps necessary to settle outstanding Administration costs and to apply to the Court for a simultaneous discharge of the Administration Order and the implementation of a Scheme of Arrangement **OR** the making of a Winding-up Order, with E V L Blackwell and D H Gilbert to be appointed as Liquidators, whichever is considered to be the most appropriate course of action.

Parkdale Group Limited
In Administration

Statement to Creditors pursuant to Rule
2.16 of the Insolvency Rules 1986 and
Statement of Proposals under Section 23 of
the Insolvency Act 1986

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Appendix 1**STATEMENT OF AFFAIRS AND STATUTORY INFORMATION****Appendix 2****SUMMARY OF THE JOINT ADMINISTRATORS' RECEIPTS AND
PAYMENTS**

PARKDALE GROUP LIMITED - IN ADMINISTRATION

1 Introduction

- 1.1 This report is addressed to the creditors of Parkdale Group Limited ("the company") and incorporates the Joint Administrators' proposals. These proposals are to be considered by the creditors' meeting called pursuant to Section 23 of the Insolvency Act 1986 to be held at The Town Hall, Blagrove Street, Reading, Berkshire, RG1 1QH on 22 December 1999 at 11.00 hrs.
- 1.2 Creditors may approve the proposals with or without modifications subject to the Joint Administrators' approval of any such modifications. If the creditors reject the Joint Administrators' proposals a report will be required to be sent to the High Court of Justice confirming that the creditors have so rejected the proposals. This Court may then discharge the Administration Order and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.
- 1.3 If the Joint Administrators' proposals are agreed at the meeting of creditors then the Joint Administrators will continue to control the affairs of the company to the extent that they have not been transferred. The Joint Administrators propose to exit the Administration using either a Scheme of Arrangement under Section 425 of the Companies Act 1985 or by petitioning to place the company into Compulsory Liquidation. I am currently taking legal advice regarding the possibility of using a Scheme of Arrangement route and, if this is viable, this would be the Administrators' preferred option, as it will avoid Insolvency Service Account fees, which are imposed at 15% of realisations, in a Liquidation.

2 Events leading up to the making of the Administration Order

- 2.1 The company was originally incorporated on 12 June 1987 and following a management buy-out on 2 January 1996, it changed its name to Parkdale House Financial Services Limited. A subsequent name change, to the company's present style, occurred on 22 January 1997.
- 2.2 The management buy-out in January 1996 was achieved with an agreed purchase price of £1,250,000, on deferred terms, payable by quarterly instalments of £65,879. The final payment was due from the company in December 2000 and a charge was held over the "Renewal Income Stream" pending payment in full.
- 2.3 The company produced profits before tax during the 1996, 1997 and 1998 financial years. A summary of these results is attached.
- 2.4 In August 1998, the company was visited by a monitoring team from its Regulator, the Financial Services Authority, as part of the Pensions Mis-Selling Review set up by the Securities and Investments Board, covering all pension policies sold during the period between 1988 and 1994. Prior to this visit the company had been conducting reviews as required and it was the company's belief that only a handful of cases remained to be reviewed.

- 2.5 The company was required to start the exercise again, virtually from scratch, and as a result, discovered some 4,000 additional pension policies to be reviewed. Approximately, 1,800 new cases were identified to be investigated by the company, resulting in substantial costs and claims.
- 2.6 The company was required by its Regulator to reassess the likely costs of redress for claimants. These costs had initially been assessed at £200,000 but the directors decided, following a suggestion by the Regulator, that a review should be carried out to establish the probable revised liability and this was increased, in April 1999, to £1.5 million, after taking account of Professional Indemnity cover for cases in excess of £10,000. As a result of further work, it is considered that the company's net liability could well be between £2.3 and £2.5 million.
- 2.7 Four of the six Sales Directors resigned, together with the Financial Director, in June 1999 but the Managing Director and one other Senior Director opted to continue to run the company on a reduced budget and skeleton staff in an effort to find a solution to the problem.
- 2.8 Proposals were put to the Regulator to allow an extended period of payments to meet the budgeted redress liability, which was significantly in excess of the company's anticipated cashflow. The Regulator rejected these proposals.
- 2.9 As a result of the company's position, the directors first consulted my firm on 3 September 1999 and following discussions with the secured creditors, a decision was made to apply to the Court for an Administration Order.
- 2.10 On 30 September 1999 a petition was presented in the High Court for the making of an Administration Order and proposing that myself and my partner, D H Gilbert, be appointed as Joint Administrators of the company. On 30 September 1999 the Administration Order was granted and we were appointed Joint Administrators.

3 The Administration Order

- 3.1 The Administration Order was made on the basis that the company was or was likely to become unable to pay its debts. The petition for the Order was supported by my report under Rule 2.2 of the Insolvency Rules 1986. I reported that, on the basis of the information provided to me, the company was insolvent but that there was a real prospect that the objective stated in the petition could be achieved.
- 3.2 The Administration Order was, therefore, granted to facilitate a more advantageous realisation of the company's assets than would be effected on a winding-up.

4 Statement of Affairs and Statutory Information

- 4.1 I attach, at Appendix 1 to this report, a summary of the estimated Statement of Affairs of the company at the date of my appointment, prepared with the assistance of the directors, together with certain statutory information relating to the company. The Summary Statement of Affairs has been prepared from the company records and information available. No audit or other verification work has been carried out in relation to the figures presented and I would draw your attention to the notes

attached to the statement. I have requested a formal Statement of Affairs from the directors, who are currently preparing this. I anticipate receiving this shortly.

5 Management of the Company's affairs since the Joint Administrators' appointment

5.1 Sale of Renewable Income Stream

5.1.1 Upon the making of the Administration Order I undertook an immediate review of the company's affairs. The employees were retained in the short term with a view to achieving a sale of the Renewable Income Stream.

5.1.2 The company had entered into negotiations with various interested parties prior to my appointment and, therefore, I was able to establish the best offer very quickly. Following lengthy negotiations, a contract was prepared for the sale of the Renewable Income Stream to Towry Law Financial Services Limited ("Towry Law") for £1.25 million. The transaction was completed speedily to avoid erosion of the Income Stream.

5.1.3 The sale was completed on 13 October 1999 and all staff were made redundant.

5.1.4 As you will note from the Statement of Affairs, the secured creditor was owed £374,000. This had to be repaid, as a condition of the release of the charge, to facilitate the completion of the sale.

5.2 Other Company Assets

5.2.1 The company has office furniture and equipment and a motor vehicle which my agents are in the process of selling.

5.2.2 Prior to the sale, commissions totalling £39,512 were received by the company. All subsequent commissions are now being passed to Towry Law under the sale agreement.

5.2.3 Funds in hand are continuing to be invested in a Money Market Account to maximise interest.

5.3 Creditors' Claims

5.3.1 As previously advised, the secured creditor has been paid in full from the proceeds of the sale.

5.3.2 I have, at present, placed an estimate on the level of creditors' claims. The majority of the claims are linked to the Pensions Review, which is being dealt with by the Personal Investment Authority. All company records relating to the Review have been collated and passed to the Personal Investment Authority for further review. I anticipate that it will be some time before these claims can be agreed and this process will involve the PI Insurers and the Investors Compensation Scheme.

6 Possible outcomes for the Company

- 6.1 The company is no longer trading and there is no prospect of the company surviving. We, therefore, have to consider the mechanism by which the available funds are to be distributed once all the company's liabilities have been assessed.
- 6.2 The possible exit routes for the company from the Administration are for the Joint Administrators to propose a Scheme of Arrangement or for the company to be placed into Liquidation. It is the Joint Administrators' recommendation and proposal, as detailed below, that the Administration Order should remain in force to allow the company protection from any action that might be taken by any of its creditors whilst the Joint Administrators realise the remaining assets and take advice as to the possibility of entering into a Scheme of Arrangement. Should this prove not to be a viable option, the Administrators will take steps to place the company into Compulsory Liquidation.

7 Statement of proposals under Section 23 Insolvency Act 1986

- 7.1 In accordance with Section 23 of the Insolvency Act 1986 the Joint Administrators make to the creditors the following proposals for achieving the purposes of the Administration Order made on 30 September 1999. Approval of these proposals will be considered as a single resolution by the meeting of creditors to be held on 22 December 1999.

7.2 Proposals

- 7.2.1 The Joint Administrators propose that they:

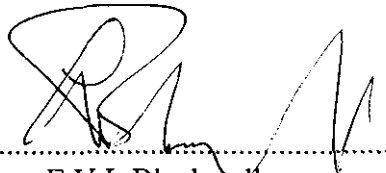
- (a) continue to manage the affairs and property of the company and realise any remaining assets with a view to seeking advice regarding the possibility of entering into a Scheme of Arrangement under Section 425 of the Companies Act 1985;
- (b) consult at appropriate intervals with any Creditors' Committee established at the meeting of creditors on 22 December 1999 concerning the conduct of the Administration and implementation and development of these proposals;
- (c) take all steps necessary to settle outstanding Administration costs and to apply to the Court for a simultaneous discharge of the Administration Order and the implementation of a Scheme of Arrangement **OR** the making of a Winding-up Order, with E V L Blackwell and D H Gilbert to be appointed as Liquidators, whichever is considered to be the most appropriate course of action.

8 Administrators' Remuneration

- 8.1 The Joint Administrators propose that their remuneration be approved on the basis of the time they and their staff properly spend in attending to matters arising in the Administration, together with their disbursements, plus VAT.
- 8.2 I attach for your reference a Creditors' Guide to Administrators' Fees. In the absence of a Creditors' Committee being formed at the creditors' meeting on 22

December 1999, it is my intention to request that creditors present or represented at the meeting approve a resolution for me to draw remuneration to date in the sum of £44,808.75 based on my time costs up to 26 November 1999, plus disbursements of £1,891.41. This sum represents a total of 510.25 hours at an average charging out rate of £87.82 per hour. I will also request sanction to draw further remuneration in accordance with my time costs incurred after 26 November 1999.

Dated: 3 December 1999

A handwritten signature in black ink, appearing to be 'EVL Blackwell', written over a horizontal dotted line.

E V L Blackwell
Joint Administrator

7/AW/MK017559/C6

Parkdale Group Limited – In Administration
Statement of Affairs and Statutory Information

Parkdale Group Limited
(Formerly Parkdale House Financial Services Limited)
Estimated Statement of Affairs as at 30 September 1999

	Note	Book Value	Estimated to Realise
		£'000	£'000
<u>ASSETS</u>			
Subject to Fixed Charge			
Renewal Income Stream	(2)	—	1,250
Total assets subject to fixed charge, subject to costs		-	1,250
Less : due to Johnson Fry Holdings Plc	(3)	(374)	(374)
Surplus/(deficiency) as regards fixed charge creditor		<u>£ (374)</u>	<u>£ 876</u>
Subject to floating charge			
Debtors and prepayments	(4)	126	30
Inter-company debt	(5)	750	Uncertain
Claim against third party	(6)	-	Uncertain
Leasehold improvements	(7)	6	-
Office Equipment		25	5
Computer Equipment	(8)	7	2
Motor vehicles	(8)	15	12
Cash at Bank		21	21
VAT refund		<u>4</u>	<u>4</u>
Total assets subject to floating charge, subject to costs		954	74
<u>LIABILITIES</u>			
Preferential Creditors			
Inland Revenue – PAYE & NIC	(29)		
Employees – Holiday Pay	<u>(5)</u>	<u>(34)</u>	<u>(34)</u>
Surplus as regards preferential creditors		920	40
Surplus/(deficiency) as regards fixed charge creditor		<u>(374)</u>	<u>876</u>
		546	916
Unsecured creditors			
Trade and Expense	(15)		
Pension mis-selling	(9)	(2,500)	
Employees' (say)	<u>(30)</u>	<u>(2,545)</u>	<u>(2,545)</u>
Total deficiency as regards creditors		(1,999)	(1,629)
<u>ISSUED AND PAID UP SHARE CAPITAL</u>		<u>(52)</u>	<u>(52)</u>
Estimated total deficiency, subject to costs		<u>(2,051)</u>	<u>(1,681)</u>

PARKDALE GROUP LIMITED
(FORMERLY PARKDALE HOUSE FINANCIAL SERVICES LIMITED)

NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS

- 1 The estimated Statement of Affairs has been prepared primarily from information presented in the company's management accounts for the period ended 31 August 1999.
- 2 An estimated figure for the Renewal Income Stream, represents the realisation achieved.
- 3 A secured creditor had a charge over the Renewal Income Stream and, therefore, was entitled to payment in priority to other creditors. After taking into account discount for early settlement, the amount outstanding to this creditor was £374,012.
- 4 The majority of debtors and prepayments is unlikely to be recovered as it relates to prepayments which are not refundable. However, £53,000 relates to deferred payments due from a business sale, and it is anticipated that this will be recoverable in full.
- 5 The accounts show an inter-company debt of £750,000 due from the holding company to Parkdale Group Limited. This relates back to the original purchase of the business, when the holding company was formed to effect the management buy-out. The holding company has no cash or other assets and, therefore, funds are unlikely to be recovered.
- 6 The company may have a potential claim against a third party, although the outcome of any possible action is uncertain at this stage.
- 7 Although leasehold improvements are shown in the accounts, it is unlikely that any amount would be recovered in respect of those improvements and, therefore, these have been shown with a nil estimated realisable value.
- 8 The majority of the company's computer equipment and motor vehicles are leased and, therefore, do not feature in the accounts. Only those assets that are owned by the company are shown in the estimated Statement of Affairs.
- 9 The pension mis-selling liabilities are estimated to be £2,500,000 after Professional Indemnity cover.

Parkdale Group Limited
Statutory Information

Company Number: 02140344

Date of Incorporation: 12/06/87

Address of Registered Office: Bowman House, 2-10 Bridge Street, Reading,
 Berkshire, RG1 2LU
 Formerly Buxton Court, 3 West Way, Botley,
 Oxford, OX2 0SZ

Directors: Ian Goodwin Campbell White
 Edward St Clair Kellaway

Company Secretary: Charles Darrington

Nominal Share Capital: £52,000 – divided into 52,000 ordinary shares of £1 each

Registered Shareholders: **Percentage of £1 ordinary shares held:**

Parkdale House Limited 100%

Trading Results:

Y/E	Turnover £'000	Gross Profit £'000	Net Profit (after tax) £'000	Balance on P & L A/c £'000
Audited A/c's:				
31/12/96	2,544	2,159	70	(699)
31/12/97	2,201	1,881	155	(544)
31/12/98	1,848	1,680	142	(402)
Management A/c's:				
8 months to		not		
31/8/99	1,025	shown	73	(329)

Parkdale Group Limited – In Administration
Summary of Joint Administrators' Receipts and Payments

Parkdale Group Limited
- In Administration -
Summary of Joint Administrators' Receipts and Payments
For the Period from 30 September 1999 to 3 December 1999

	Total £
Receipts	
Sale of Renewal Income Stream	832,322
Commissions	39,512
Bank Interest Gross	1,467
Sundry Refunds	9
	<hr/>
	£ 873,310
	<hr/>
Payments	
Legal Fees	21,487
Wages & Salaries	7,795
Rents Payable	5,000
Professional Fees	3,750
Third Party Funds	2,256
Storage Costs	597
Sundry Expenses	216
Statutory Advertising	176
Other Property Expenses	161
Security Costs	64
Re-direction of Mail	60
VAT on payments	5,500
	<hr/>
	47,062
Balance In Hand	826,248
	<hr/>
	£ 873,310
	<hr/> <hr/>

BDO Stoy Hayward
Bowman House
2-10 Bridge Street
READING
Berkshire
RG1 2LU

E V L Blackwell
Joint Administrators
3 December 1999