

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

| | |
|---|--|
| Name of Company Central Securities Limited | Company number 02186832 |
| In the High Court of Justice Chancery Division Companies Court <small>[full name of court]</small> | Court case number 4084 of 2011 |

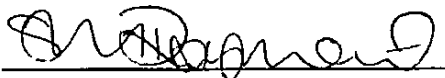
(a) Insert name(s) and address(es) of administrator(s) **1 We (a) Shay Bannon and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU**

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

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

(b) Insert date **(b) 7 July 2011**

Signed



Dated

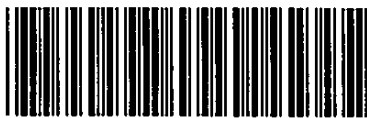
7.7.11

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, 55 Baker Street, London, W1U 7EU | |
| Our Ref MJC/AL/CSL | Tel 020 7893 2409 |
| DX Number | DX Exchange |

If 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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A35

08/07/2011

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COMPANIES HOUSE

FRIDAY



Tel +44 (0)20 7486 5888
Fax +44 (0)20 7935 3944
DX 9025 West End W1
www.bdo.co.uk

55 Baker Street
London W1U 7EU

Private and Confidential

7 July 2011

Our Ref MJC/AL/C00171878

Please ask for
Claudia Ruygrok
020 7893 2409

TO ALL KNOWN CREDITORS AND MEMBERS

Dear Sir(s)

Central Securities Limited ("the Company") - In Administration

I refer to the appointment of Shay Bannon and myself as Joint Administrators of the Company on 17 May 2011

I attach a statement to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986, which incorporates a statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986. Additionally I provide a report setting out the work undertaken by the Administrators to date, incorporating details of my firm's policies regarding fees and "A Creditors' Guide to Administrators' Fees".

It is anticipated that funding will be sourced by the Company's director in order that the Company can be rescued as a going concern. However, under Paragraph 52 of Schedule B1 of the Insolvency Act 1986, if at least 10% of creditors require us to call a meeting they must notify us using the attached Form 2.21B by 19 July 2011. Please note that before such a meeting can be held, we will require a deposit towards the convening costs. Such a deposit may be repaid subject to the approval of the other creditors of the Company.

Yours faithfully
For and on behalf of
Central Securities Limited

Sarah Rayment
Joint Administrator
Authorised by the Insolvency Practitioners Association

Encs



Central Securities Limited

In Administration

**Statement to Creditors pursuant to Rule 2.33
of the Insolvency Rules 1986 and Statement of
Proposals under Paragraph 49 of Schedule B1
of the Insolvency Act 1986**

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CENTRAL SECURITIES LIMITED - IN ADMINISTRATION

Registered No. 02186832

Registered office situated at 55 Baker Street, London, W1U 7EU

In the High Court of Justice, Chancery Division

4084 of 2011

1 Introduction

- 1 1 This report is addressed to the creditors of the above Company and incorporates the Joint Administrators' proposals. It is anticipated that the objective in Paragraph 3(1)(a) of Schedule B1 of the Insolvency Act 1986 may be achieved in respect of the Company (see section 5 below) and consequently we do not propose to call a meeting of creditors to consider our proposals.
- 1.2 Under Paragraph 52 of Schedule B1 of the Insolvency Act 1986 if at least 10% of creditors require us to call a meeting they must notify us using form 2.21B (attached) by 19 July 2011. Please note that before such a meeting can be held we will require a deposit towards the cost of convening the meeting. Such deposit may be repaid subject to the approval of the other creditors. Where no creditors' meeting is held to consider the Joint Administrators' proposals, the proposals will have been deemed to be approved.
- 1 3 If a meeting of creditors is held, the creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court of Justice, Chancery Division confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.
- 1 4 If the Joint Administrators' proposals are agreed at a meeting of creditors (or deemed to be agreed per paragraph 1.2 above) the Joint Administrators will continue to control the business of the Company to the extent that it has not been transferred. The Joint Administrators would at some later date arrange for the Company to exit from the Administration following an order of the court, or as agreed by the secured creditor (or its successor) or by the creditors. In this case the Joint Administrators anticipate that the Company will be rescued and will exit the administration following an application to court pursuant to Paragraph 80 of Schedule B1 of the Insolvency Act 1986.

2 Events leading up to the Appointment of the Joint Administrators

- 2 1 The Company was incorporated on 2 November 1987.
- 2.2 The Company is a property investment/development company that owns a plot of land on College Crescent, North -West London and the ground to second floors of 15 Kean Street, Central London.
- 2 3 The Company is part of a group ("the Group") of four companies that were provided finance by the Bank of Ireland ("the Bank"). The Bank specifically holds a fixed and floating charge over the assets of the Company under a debenture created on 25 February 2003 and registered at Companies House on 12 March 2003.
- 2.4 Following cash flow difficulties in the Group, an application to the Court for appointment of Joint Administrators was made by the Bank, being the holder of a Qualifying Floating Charge, on 17 May 2011, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. On 17 May 2011, Shay Bannon and Sarah Megan Rayment were appointed Joint Administrators of the Company and two other companies in the Group. Additionally, they were appointed Receivers by the Bank under the Law of Property Act 1925 over the property owned by the fourth company in the Group.

-
- 2.5 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.
- 2.6 At Appendix 1 is a record of the names of the Company's director and Company secretary together with details of the shareholder.
- 3 Statement of Affairs and statutory information**
- 3.1 We attach at Appendix 2 of this report the statement of affairs for the Company, as prepared by the director. The Joint Administrators have reviewed the statement of affairs but have not carried out any audit or detailed verification work at this time.
- 4 Prescribed Part**
- 4.1 Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where a company has granted a floating charge after 15 September 2003, as has happened in this case.
- 4.2 Based on the information presently available and the current situation, it is anticipated that the creditors will be discharged in full and as such, the prescribed part will not be applicable in this administration.
- 5 Achieving the purpose of the Administration**
- 5.1 The statutory purpose of an Administration consists of three objectives, and we now address the progress that has been made in this respect.
- (a) The first objective is rescuing the Company as a going concern (i.e restructuring the business, resulting in its survival). We believe that this objective may be achieved. The director of the Company has entered into discussions to settle the debts of the Company in full. Should this take place the Joint Administrators will immediately take steps to resign from office by way of servicing notice to the court, Registrar of Companies and creditors under Paragraph 80(2) of Schedule B1 of the Insolvency Act 1986.
 - (b) With regard to 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), this objective does not need to be considered at this time given paragraph 5.1(a) above.
 - (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors. This objective does not need to be considered at this time given paragraph 5.1(a) above.
- 6 Management of the Company's affairs since the Joint Administrators' appointment**
- 6.1 Initial Actions**
- 6.1.1 Upon our appointment as Joint Administrators we undertook an immediate review of the Company's affairs with particular regard to its financial and resource requirements.
- 6.1.2 The Joint Administrator and representatives met with the director and his advisors to discuss the Company's ongoing business commitments and the anticipated cash flows.
- 6.1.3 The decision was made to retain the property maintenance manager and the office manager who, under the Joint Administrators' guidance, have been engaged to

collectively assist the Administrators in their role and to ensure the ongoing requirements of the various sites held in the Group are met

- 6 1.4 The Joint Administrators are currently in discussions with the director regarding the settlement of the Company's liabilities. These discussions are ongoing.

- 6.1.5 The Joint Administrators have ensured that all insurance and necessary services will continue to be provided to the properties owned by the Company.

6.2 Creditors' claims

6 2.1 Secured Creditor

Under the debenture created on 25 February 2003, the Bank has a fixed and floating charge over the assets of the Company. At the date of appointment, the principal indebtedness of the Company to the Bank was £8,110,985. However, the Company is part of the Group that is jointly and severally liable for the total indebtedness to the Bank of £36,781,786. This figure is subject to accruing costs and charges. Based on current information, it appears likely that the director will obtain the necessary financing to repay the Bank in full.

6 2.2 Preferential Creditors

The employees of the Company rank as preferential creditors in the administration. Based on current information, it is likely preferential creditors will be paid in full.

6 2.3 Unsecured Creditors

Total creditors' claims per the statement of affairs are £86,222. Based on current information, if the director can source finance to meet the Bank's liabilities, we would return control of the Company's affairs to the existing director on the basis that the director signs an affidavit that all unsecured creditors will receive payment of their unsecured claims in full in the normal course of business.

7 EC Regulations on Insolvency Proceedings

We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to this Administration. In this particular case the EC Regulation will apply in respect of this Administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation.

8 Pre Administration Costs

- 8 1 Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Although time costs were incurred by this firm in the planning and pre-Administration period, approval for these costs is not being sought from the general body of creditors.

9 Joint Administrators' Remuneration

- 9.1 Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal or alternatively by reference to the time the Joint Administrators and their staff have spent in attending to matters in this Administration or, a fixed amount.

- 9.2 As no meeting of creditors is being convened because there will be sufficient property to enable a distribution to all creditors our remuneration will be subject to the approval of the shareholders
- 9.3 In the event that there's insufficient assets to pay creditors in full I will be asking creditors to approve fees. The attached formal proposals sets out the basis of the remuneration.
- 9.4 For your guidance we attach a Creditors' Guide to Administrators' Fees together with a document that outlines the policy of BDO LLP in respect of fees and disbursements. A schedule showing time costs incurred to date is also attached

10 Possible outcomes for the Company and Creditors

- 10.1 The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for a Company from Administration, being primarily Company Voluntary Arrangement, Liquidation or dissolution. Based on present information, it is believed that none of these exit routes will apply and that the Company will be rescued as a going concern. In such circumstances, the Administrators will seek their discharge from office by making an application to the court under Paragraph 80(2) of Schedule B1 of the Insolvency Act 1986. The director will then resume control of the Company and pay creditors in the normal course of business.

11 Statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration. If no meeting of creditors is requisitioned, the proposals will be deemed to be approved on 19 July 2011.

Formal Proposals - the Joint Administrators propose that:

- (a) Pending the outcome of the Administration, they be at liberty to discharge their functions in accordance with the first objective of the statutory purpose of the administration, and
- (b) they make payments to the secured creditor,
- (c) should the Company not be rescued,
 - (i) the Company will be dissolved pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986, or
 - (ii) if there are sufficient funds to enable a distribution to the unsecured creditors, the Administrators will exit the Administration via a Creditors' Voluntary Liquidation and Shay Bannon and Sarah Megan Rayment will be Joint Liquidators acting jointly and severally.

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117, creditors may nominate different Liquidators, but in the absence of such nomination, the above named would become the Liquidators

- (d) if a meeting of creditors is requisitioned, creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)

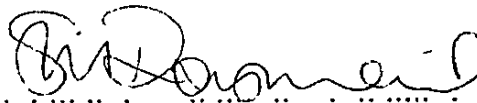
In the absence of a creditors committee,

- (e) the Joint Administrators' remuneration be approved on a time costs basis which in the event of a payment in full to creditors will be subject to the approval of the shareholders or if there is insufficient property to pay creditors in full it will be subject to creditor approval

A further resolution is put to the creditors

- (f) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.

Dated: 7 July 2011



Sarah Rayment
Joint Administrator



Central Securities Limited
Statutory Information

MJC/AL/CSL

**Central Securities Limited
In Administration**

Statutory Information

| | |
|--------------------------------------|---|
| Company Number: | 02186832 |
| Date of Incorporation: | 2 November 1987 |
| Address of Registered Office: | 55 Baker Street, London, W1U 7EU Formerly 66 Chiltern Street, London, W1U 4JT |
| Director: | Jonathan Stein |
| Company Secretary: | Sally Anne Stein |
| Nominal Share Capital: | £200 - divided into ordinary shares of £1 each, of which 200 have been issued |
| Registered Shareholders: | No of £1 ordinary shares held |
| Jonathan Stein | 180 |
| Sally Anne Stein | 20 |
| | <hr/> 200 <hr/> |



Central Securities Limited
Statement of Affairs

Statement of affairs

| | |
|---|--|
| Name of Company Central Securities Limited | Company number 02186832 |
| In the High Court of Justice Chancery Division Companies Court <small>[full name of court]</small> | Court case number 4084 of 2011 |

(a) Insert name and address of
registered office of the
company

Statement of affairs of (a) Central Securities Limited whose registered office is situated at BDO
LLP, 55 Baker Street, London, W1U 7EU

(b) Insert date

On the (b) 17 May 2011, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 17 May 2011 the date that the company entered administration

Full name JONATHAN STEIN
Signed [Signature]
Dated 3 JUNE 2011

Assets

15, Kew Street, London WC2B4AZ.

39-40. COLLEGE CRESCENT
LONDON NW3, 5LR.

(Values are prior to selling costs
College Crescent value is inclusive of
the retention of a built out unit based
on a moment after)

Uncharged assets

Estimated total assets available for preferential creditors

Signature

Date _____

3 JUNE 2011

Book
Value
£

Estimated to
Realise
£

3,750,000-

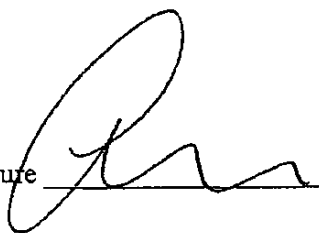
\$,700,000.

9,450,000.

A1 – Summary of Liabilities

| | | Estimated to realise £ |
|--|--------|------------------------------|
| Estimated total assets available for preferential Creditors (carried from page A) | £ | 9,450,000 |
| Liabilities | £ | |
| Preferential creditors:- | | 8,635,300 |
| Estimated deficiency/surplus as regards preferential creditors | £ | 814,700 |
| Estimated prescribed part of net property where applicable (to carry forward) | £ | |
| Estimated total assets available for floating charge holders | £ | 814,700 |
| Debts secured by floating charges | £ | |
| Estimated deficiency/surplus of assets after floating charges | £ | 814,700 |
| Estimated prescribed part of net property where applicable (brought down) | £ | |
| Total assets available to unsecured creditors | £ | 814,700 |
| Unsecured non-preferential claims | £ | |
| Estimated deficiency after floating charge where applicable (brought down) | 86,222 | |
| Estimated deficiency/surplus as regards creditors | £ | 728,478 |
| Issued and called up capital | £ | 200 |
| Estimated total deficiency/surplus as regards members | £ | 728,278 |

Signature



Date

3 June 2011

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

[illegible]

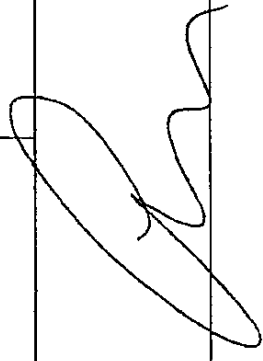
Signature

Date _____

3 June 2011

COMPANY SHAREHOLDERS

| Name of Shareholder | Address (with postcode) | No of shares held | Nominal Value | Details of Shares held |
|---------------------|------------------------------|-------------------|---------------|------------------------|
| JONATHAN STEIN | 27, NORFOLK ROAD, LONDON NW8 | 180 | 180 | ordinary |
| SAULY-ANN STEIN | — " — | 20 | 20 | — " — |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTALS | | 200 | 200 | |



Signature _____ Date 3 JUNE 2011

| What | Invoice no | How much | Invoice date | Due when | Contact details |
|---|------------|-------------------|--------------|----------|---|
| CENTRAL SECURITIES | | | | | |
| CS VAT | | £2,875.33 | | | HMRC |
| Reimbursement to HB Surveyors for overpayment of rental income at Kean Street | | £5,642.57 | | | HB Surveyors and Valuers, Portland House 4 Great Portland Street London W1W 8QJ |
| Millards March 2011 | 7506 | 128.7 | 15/03/11 | 29/03/11 | Millards Cleaning Services, 3rd Floor, 28 Charing Cross road, London, WC2H 0DB |
| Citysprint couriers for period ending 30/04/11 | 73465 | 11.88 | 30/04/11 | 14/05/11 | City Sprint, Ground Floor, RedCentral, 60 High Street, Redhill, Surrey RH1 1SH |
| RSM Tenon - statement to 15/03/11 | various | £18,525.00 | 15/03/11 | 15/03/11 | As above |
| Alfred Monkenbeck - College Crescent | none | £59,039.34 | 21/12/10 | 21/12/10 | Monkenbeck + Partners Architects, 135 Curtain road, London EC2A 3BX |
| | | £86,222.92 | | | |



Appendix 3

Central Securities Limited
Statement of Joint Administrators' Proposals

CENTRAL SECUTIRIES LIMITED - IN ADMINISTRATION

Formal Proposals - the Joint Administrators propose that:

- (a) Pending the outcome of the Administration, they be at liberty to discharge their functions in accordance with the first objective of the statutory purpose of the administration, and
- (b) they make payments to the secured creditor,
- (c) should the Company not be rescued,
 - (i) the Company will be dissolved pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986, or
 - (ii) if there are sufficient funds to enable a distribution to the unsecured creditors, the Administrators will exit the Administration via a Creditors' Voluntary Liquidation and Shay Bannon and Sarah Megan Rayment will be Joint Liquidators acting jointly and severally

NB Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117, creditors may nominate different Liquidators, but in the absence of such nomination, the above named would become the Liquidators.

- (d) if a meeting of creditors is requisitioned, creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)

In the absence of a creditors committee,

- (e) the Joint Administrators' remuneration be approved on a time costs basis which in the event of a payment in full to creditors will be subject to the approval of the shareholders or if there is insufficient property to pay creditors in full it will be subject to creditor approval.

A further resolution is put to the creditors:

- (f) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors



Central Securities Limited

A Creditors' Guide to Administrators' Fees, BDO LLP policy on fees and Schedule of time costs incurred

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. Details of such costs must be included in the administrator's proposals.

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 seeking remuneration approval**

7.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case.

7.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The degree of detail will depend on the circumstances of the case, and professional guidance has been provided setting out a minimum of 6 category headings under which the work done by the officeholder and his staff should be analysed. As a firm [Office name] operates a computerised time recording system which analyses work done under the following categories -

- Pre Appointment Matters
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Professional guidance suggests the following categories as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases

- 7.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff

7.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph

- 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. Professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation

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 6 April 2010, except where:

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date.



Central Securities Limited - In Administration

In accordance with best practice we provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows: This in no way implies that staff at all such grades will work on the case.

BDO LLP - London Office

GRADE

| | £ |
|------------------------|-----|
| Partner 1 | 658 |
| Partner 2 | 530 |
| Principal | 498 |
| Director | 446 |
| Senior Manager | 413 |
| Manager | 379 |
| Assistant Manager | 322 |
| Senior Administrator 1 | 257 |
| Senior Administrator 2 | 240 |
| Administrator 1 | 193 |
| Administrator 2 | 175 |
| Junior Administrator | 139 |
| Trainee | 88 |

BDO LLP - Gatwick Office

GRADE

| | £ |
|-------------------|---------|
| Partner | 451 |
| Director | 388 |
| Senior Manager | 357 |
| Manager | 279 |
| Assistant Manager | 221 |
| Executive | 209 |
| Administrator | 119-153 |
| Trainee | 96 |
| Support | 75 |

The rates charged by BDO LLP, are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues.



Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories

Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff

Where applicable, disbursements will be subject to VAT at the prevailing rate

Category 2

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP, effective from 1 July 2003, is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

Central Securities Limited - In Administration

Summary of Time Charged and Rates Applicable for the Period From 17/05/2011 to 01/07/2011

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | OTHER STAFF | | GRAND TOTAL | | AVERAGE RATE |
|--------------------------------|---------|----------|---------|----------|-------------------|---------|----------------------|---------|---------------|----------|-------------|----------|-------------|----------|--------------|
| | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | £ |
| B. Steps on Appointment | 0 10 | 45 10 | 1 45 | 547 65 | | | | | 4 35 | 629 55 | | | 5 90 | 1,222 30 | 207 17 |
| D Case Progression | | | 6 05 | 2,237 80 | | | | | 5 10 | 950 50 | 10 30 | 985 80 | 21 45 | 4,174 10 | 194 60 |
| E Assets Realisation / Dealing | 4 50 | 2,385 00 | 5 00 | 1,935 00 | | | | | 8 95 | 2,192 75 | | | 18 45 | 6,512 75 | 352 99 |
| G Employee Matters | | | | | | | | | 0 30 | 45 90 | | | 0 30 | 45 90 | 153 00 |
| H Creditor Claims | 1 00 | 530 00 | 4 35 | 1,648 95 | | | | | 2 85 | 641 50 | 1 05 | 100 80 | 1 05 | 100 80 | 96 00 |
| I Reporting | | | | | | | | | | | 1 00 | 96 00 | 9 20 | 2,916 45 | 317 01 |
| | 5 60 | 2,960 10 | 16 85 | 6,369 40 | | | | | 21 55 | 4,460 20 | 12 35 | 1,182 60 | | | |

| | | |
|---------------------|-------|------------|
| Net Total | 56 35 | 14,972 30 |
| Other Disbursements | | 51 97 |
| Billed | | |
| Grand Total | | £15,024 27 |



Central Securities Limited
Form 2.21B Creditors' Request For a Meeting

Creditor's request for a meeting

Name of Company
Central Securities Limited

Company number
02186832

In the High Court of Justice, Chancery Division,
Companies Court

[full name of court]

Court case number
4084 of 2011

(a) Insert full name and
address of the creditor making
the request

I (a) _____

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

request a meeting of the creditors of (b) _____

(c) Insert amount of claim

My claim in the administration is (c) _____

(d) Insert full name(s) and
address(es) of creditors
concurring with the request (if
any) and their claims in the
administration if the
requesting creditor's claim is
below the required 10%

(d) _____



Central Securities Limited
Proof of Debt Form

PROOF OF DEBT

**In The High Court of Justice
Chancery Division
Companies Court**

No 4084 of 2011

**Central Securities Limited
- In Administration -**

Date of Administration 17 May 2011

- 1a Name of creditor
- 1b If Company – registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at
the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be
substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and
the date it was given
- 9 Details of any reservation of title in respect of
goods to which the debt refer
- 10 Signature of creditor
or other authorised person
- Name in BLOCK LETTERS
- Creditor's reference:
- 11 Position or Relationship with Creditor
- 12 Address (if person signing is not the Creditor)

For Use of Administrator Only

13 Admitted to vote for £

Date

Joint Administrator

14 Admitted preferentially
for £

Date

Joint Administrator

Admitted non-preferentially
for £

Date

Joint Administrator

Guidance Notes re Preferential Debts:

The categories of preferential debts under S 386(1) of the Insolvency Act 1986 are as follows:

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions

VAT Bad Debt Relief

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Revenue & Customs.