

Rule 1.26/  
1.54

The Insolvency Act 1986  
Notice to Registrar of  
Companies of Supervisor's  
Abstract of Receipts and  
Payments  
Pursuant to Rule 1.26(2)(b) or  
Rule 1.54 of the  
Insolvency Rules 1986

Form 1.3

**R.1.26(2)(b)/  
R.1.54**

For Official Use

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To the Registrar of Companies

Company Number

02561542

Name of Company

Motor Sport Developments Limited

I / We  
Neil Francis Hickling  
No 1 St Swithin Street  
Worcester  
WR1 2PY

supervisor(s) of a voluntary arrangement taking effect on

24 November 2003

present overleaf my/our abstract of receipts and payments for the period from

24 November 2006

to

08 January 2007

Number of continuation sheets (if any) attached

☐

Signed *Neil Francis Hickling*

Date 31-1-7

Smith & Williamson Limited  
No 1 St Swithin Street  
Worcester  
WR1 2PY

Ref: MO559/MWJ

Insolvency

THURSDAY



A07 "AUSXQMPU"  
01/02/2007  
COMPANIES HOUSE

50

<b>RECEIPTS</b>		£
Brought forward from previous Abstract (if any)		2,024,730.53
Bank Interest Net of Tax		4,235.40
VAT Receivable		1,150.79
Carried forward to * continuation sheet / next abstract		2,030,116.72
<b>PAYMENTS</b>		£
Brought forward from previous Abstract (if any)		1,603,212.54
Joint Supervisors Fees		19,000.00
Agents/Valuers Fees (1)		500.00
Supervisor's Legal Fees		384.00
Corporation Tax		2,945.62
Stationery Postage and Copying		696.43
Trade & Expense Creditors		306,535.75
Employees		40,105.92
Inland Revenue		30,555.48
Pension Schemes		19,274.83
Unclaimed Dividends		6,906.15
Carried forward to * continuation sheet / next abstract		2,030,116.72

\* Delete as appropriate

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed.

**MOTOR SPORT DEVELOPMENTS LIMITED  
(COMPANY VOLUNTARY ARRANGEMENT)**

**FINAL REPORT TO THE CREDITORS  
FOR THE PERIOD FROM 24 NOVEMBER 2005 TO 23 NOVEMBER 2006  
AND FROM 24 NOVEMBER 2006 TO 8 JANUARY 2007**

Introduction

Neil Francis Hickling and Colin Nicholls of Smith & Williamson Limited were appointed as Joint Supervisors of the Company Voluntary Arrangement ("CVA") of Motor Sport Developments Limited ("the company") at the meeting of creditors held on 24 November 2003. Mr Nicholls has subsequently left the firm and as a result resigned as Joint Supervisor with effect from 22 July 2004. Mr Hickling continued in office as sole Supervisor.

This report relates to the third year of the CVA from 24 November 2005 to 24 November 2006 and the final period of the CVA from 24 November 2006 to 8 January 2007.

The purpose of the CVA was to realise the company's rally cars and other assets at the best possible prices and use the proceeds to fund a claim against Hyundai Motor Company of South Korea ("HMC").

The HMC Claim

As previously reported on 3 October 2005 the Supervisor was able to report by letter to the creditors of the CVA to advise on the outcome of the arbitration of the company's claim against HMC. In summary the company obtained an award of £1,658,739.57 plus interest of £219,504.86 making a total of £1,878,244.43. The award was insufficient to pay the claims of the unsecured non-preferential creditors in full.

The Supervisor's letter dated 3 October 2005 advised the creditors that the company intended to make a further submission to the arbitrators for correction and interpretation of the original award, which might improve upon the award obtained by up to US\$1,500,000 (£850,000). The further submission was made to the arbitrators within the deadline of 8 October 2005.

The Arbitrators decision on the further submission dated 15 February 2006 was made available to the parties on 27 February 2006. The Arbitrators dismissed the company's application for correction and interpretation of the award made in October 2005 and ordered the company to pay HMC's legal costs of US\$ 7,500 which had been claimed by HMC in the amount of US\$ 30,000. As a result no further moneys will be received in respect of the claim against HMC.

**Company Compliance with the CVA Proposal**

The Supervisor is not currently aware of any matters where to date the company has failed to comply with the CVA proposal.

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On 8 January 2007 the Supervisor issued a certificate of completion of the CVA pursuant to rule 1.29 (1) of the Insolvency Rules 1986.

Supervisor's Receipts and Payments Account

The Supervisor's receipts and payments accounts detailing receipts and payments for the CVA are attached as follows: -

Period	Appendix
24 November 2005 to 23 November 2006	1
24 November 2006 to 8 January 2007	2

Prescribed Part

Pursuant to Rule 1.29 (4) of the Insolvency Rules 1986 the Supervisor advises that no amount has been paid to the unsecured non preferential creditors by virtue of the application of section 176A of the Insolvency Act 1986 in respect of the prescribed part of relevant floating charges.

Asset Realisations

As previously reported the assets retained by the company as detailed in the CVA Proposal, together with the remaining stocks have been realised for £90,000, excluding VAT, for the benefit of the creditors and the proceeds were received in December 2005. The Chattels mortgage granted by the company to the Supervisor in respect of these assets was therefore released.

Interest Receivable

For the year ended 23 November 2006 the Supervisor has received gross interest of £16,765.02 from money market deposits in respect of CVA funds held pending payments to the secured creditor, the payment of preferential claims and the interim dividend paid to the unsecured creditors. In addition interest totalling £14,022.74 was received net of taxation on funds held in the CVA bank accounts. The tax deducted amounted to £3,505.67 resulting in a gross equivalent of £17,528.41.

During the period from 24 November 2006 to 8 January 2007 the Supervisor has received interest totalling £4,235.40 net of taxation on the funds held in the CVA bank accounts.

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Contributions from Asset Realisations

As previously reported the company had paid £122,972 to the Supervisor from the asset realisations as detailed in the first annual report. In the period since 23 November 2004 the company incurred further significant costs in respect of the arbitration hearings. The excess of asset realisations over the arbitration costs and the bank balance to be retained by the company amounted to £83,924 made up as follows: -

	£	£
Total asset realisations - as previously reported		443,892
Less		
Costs relating to the arbitration of the HMC claim	309,968	
Bank balance retained by company	50,000	
		<u>359,968</u>
Excess of realisations over costs due to CVA		<u>83,924</u>

The costs of the arbitration of the HMC claim approved in the CVA proposal amounted to £271,000 plus an increase of up to 15 percent, without further approval of the creditors, a total of £311,650. The costs expended by the company in respect of the arbitration amounted to £309,968 summarised as follows:-

	£
Arbitration fees	122,719
Legal fees	45,034
Solicitor's disbursements including Counsel	54,738
Forensic accounting	76,516
Other costs	10,961
	<u>309,968</u>

During the first year of the CVA to 23 November 2004 the company paid amounts totalling £122,972 to the Supervisor representing the net asset realisations after deducting the anticipated arbitration costs of £271,000. The actual arbitration costs paid to 23 November 2004 amounted to £239,712 and further costs totalling £70,255 were incurred during the year ended 23 November 2005 principally in preparing for and attending the hearings of the claim. From the £122,719 received from the company the Supervisor repaid sums totalling £39,048 to the company to allow it to meet the additional arbitration costs, leaving the excess of £83,924, not required for the arbitration costs, retained in the CVA for the benefit of the creditors. Of the £39,048 repaid to the company, £15,000 was paid prior to 23 November

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2005, £11,466 was paid on 25 November 2005 and a further £12,582.03 was paid on 20 December 2005, totalling £24,048.03 in the current period.

Trust Account

The company had deposited £13,500 with the Supervisor to meet the Nominee's costs and disbursements for preparing the CVA proposal and convening the creditors meeting held on 24 November 2003. The CVA proposal provided for those costs to be met as an expense of the CVA and therefore following receipt of the HMC award on 25 November 2005 the £13,500 was repaid to the company.

Directors loans

The statement of affairs disclosed directors loans due to the company of £109,363.31 from D G Whitehead and £11,140.48 due from A L King-Scott a total of £120,503.79. The CVA proposal provided that the directors loans would be payable to the CVA if the award from the HMC claim was insufficient to pay the creditors claims in full.

Following the receipt of the award from the arbitration of the HMC claim the Supervisor made demand on D G Whitehead and A King-Scott in respect of the loans. Both Mr Whitehead and Mr King-Scott claimed set off of the loans against amounts due to them from the company under their service agreements, pursuant to paragraph 7.1 (c) (viii) of the CVA Proposal containing terms relating to the treatment of mutual dealings.

The balances of the loans were included in the company's statement of affairs based on the company's nominal ledger as at 31 July 2003. At the date of the commencement of the CVA in November 2003 the latest audited accounts were the accounts for the year ended 31 January 2002. Enquiries made with the company's auditors established that the statement of affairs overstated the balance due to the company by D G Whitehead due to regular deductions from salary, which were intended to repay the loan, and which commenced in April 2002, not being taken into account in the company's nominal ledger. The adjusted balance due from Mr Whitehead, taking into account the repayments, amounted to £59,260.

The Supervisor took legal advice in relation to the set off claimed by D G Whitehead and A King-Scott and as a result of that advice the balance due from A King-Scott and the adjusted balance due from D G Whitehead were set off against the sums claimed in respect of their service contracts.

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CVA Expenses

The principal expenses of the CVA during the period from 24 November 2005 to 23 November 2006 were:-

- i) The charges of £1,450 for taxation advice related to the costs of Rabjohns for advising the Supervisor in respect of the tax treatment of the set off of the directors loan account against their claims under their service agreements.
- ii) Agents and valuers fees amounting to £2,589.44 were the costs of SHM Stevens Champion in attending the company's premises and preparing a valuation of the company's plant and equipment and stock, referred to in the CVA proposal as the retained assets, for the purposes of realisation of those assets.
- iii) Legal fees of £13,995.50 related to the period from October 2005 to July 2006 in respect of the following matters: -
  - a) Reviewing the debenture granted by the company to F Loix on 26 September 2003 and advising on the validity of the debenture.
  - b) The set off of directors loans due to the company against amounts due from the company to the directors under their service agreements.
  - c) Drafting a Deed of Release in respect of the Chattels Mortgage granted to the Supervisor by the company and liaising with the company's solicitors to finalise the Deed.
  - d) Advising and negotiating the settlement of a claim from a landlord arising from the vacation of one of the company's units in January 2004.
  - e) Providing advice in relation to the Supervisor's power to sell assets that were not included in the CVA proposal.
- iv) In October 2005 the Supervisor instructed the company's solicitors to retain the sum of £15,000 plus VAT of £2,625 in respect of the agreed charges for making the further submission to the European Court of Arbitration. On October 2005 EMW Law raised an invoice for £17,625 being £15,601.45 plus VAT of £2,023.55. The invoice was forwarded direct to the company who reclaimed the VAT in September 2006 and paid it over to the Supervisor. An adjustment of £601.45 was therefore made to reduce the VAT and increase the legal costs of the further submission.
- v) As noted above the company was ordered to pay HMC's legal fees, in the amount of US\$ 7,500, in connection with the further submission to the arbitrators for correction and interpretation of the original award. The payment was made on 5 May 2006 and amounted to £4,096.12.
- vi) The photocopying and postage charges totalling £601.79 are given under the heading of category 2 disbursements below.
- vii) An explanation of the Supervisor's remuneration of £67,994 drawn during the periods from 24 November 2005 to 23 November 2006 and from 24 November 2006 to [insert date] is given below.

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The Input VAT paid on the expenses of the CVA has been re-claimed from H M Customs by the company and reimbursed to the CVA. The expenses of the CVA are therefore included in the Supervisor's receipts and payments account net of applicable VAT.

Preferential Creditors

Preferential creditors were shown on the statement of affairs at £125,000 and to date preferential claims totalling £70,708.86 have been received as follows:-

	Statement of affairs £	Claim £
Department of Employment	Nil	13,416.00
Employee Claims	90,000.00	57,292.86
Pension schemes	35,000.00	Nil
	<u>125,000.00</u>	<u>70,708.86</u>

The preferential claims totalling £70,708.86 were paid in full in February 2006.

The contributions due to pension schemes are non-preferential claims and are dealt with below.

Secured Creditor

The claim of F Loix amounting to US\$800,000 and €26,731 was secured by a debenture over the company's assets granted to Mr Loix on 26 September 2003. The claim was converted to pounds sterling at the applicable exchange rates on 24 November 2003 and the resultant claim amounted to a total of £487,913.22.

The Supervisor took legal advice on the validity of the debenture which was granted to Mr Loix on 26 September 2003.

Section 245 of the Insolvency Act 1986 ("section 245") provides that a floating charge over the property and assets of a company, granted to a person who is not connected with the company, within the meaning of the Insolvency Act 1986, may be held to be invalid if created within 12 months of the onset of insolvency, except to the extent that money, goods or services were provided to the company at the same time as or after the creation of the charge. S245 also provides that if the company had goes into liquidation or administration within a



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period of 12 months after the debenture was created then the charge would only be enforceable to the extent of moneys advanced or services provided at the time of or after the creation of the charge. The provisions of section 245 do not apply in the case of a CVA and as the company has not gone into liquidation or administration within the relevant period then the solicitors advised that the debenture granted to Mr Loix fully secured the whole of his debt.

An amount of £51,367.98 was paid on account of the claim on 14 November 2005 and the balance of the claim amounting to £436,545.24 was paid to Mr Loix on 23 December 2005.

Unsecured Non-preferential Creditors Claims

Following receipt of the HMC award the Supervisor reviewed the claims of the unsecured non-preferential creditors with the company's director with a view to admitting creditor claims for dividend purposes and the Supervisor then wrote to various creditors for further information concerning their claims. As a result of the review and scrutiny of further information provided by the creditors the Supervisor has admitted for dividend, 214 claims totalling £3,129,772.91.

On 25 November 2005 the Supervisor issued a notice to those creditors who had not submitted claims in the CVA requiring them to submit their claims or be excluded from the distribution. 77 creditors with claims totalling £189,811.53 have not submitted claims to the Supervisor and were therefore excluded from the dividends paid to the unsecured creditors.

Five non preferential claims totalling £9,066.20 were rejected by the Supervisor.

The non-preferential claims of the former employees, including the former directors amounted to some £523,176.95. The claims accepted from employees are based on the information provided to the Redundancy Payments Office by individual employees. The claims of the director and former directors are based on the provisions contained in their service contracts with the company.

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The agreed claims of the unsecured non-preferential creditors are summarised below: -

	Statement of Affairs £	Claims Received £	Interim Dividend Paid £	Final Dividend Paid £	Total Dividends Paid £
Trade and Expense Creditors	2,305,466.61	2,700,680.42	675,170.30	278,710.28	953,880.58
Shortfalls on finance agreements	30,995.80	78,440.25	19,610.07	8,095.03	27,705.10
Employee Claims	412,000.00	523,176.95	130,794.27	53,991.86	184,786.13
H M Revenue & Customs	254,925.29	296,080.24	74,020.06	30,555.48	104,575.54
F Loix	164,478.27	Nil	Nil	Nil	Nil
Pension schemes	Nil	54,572.00	13,643.00	5,631.83	19,274.83
Total Unsecured Creditors	3,167,865.97	3,652,949.86	913,237.70	376,984.48	1,290,222.18

During the period from 24 November 2005 to 23 November 2006 amounts totalling £893,750.20 were paid to the unsecured non-preferential creditors in respect of the first interim dividend of 25 pence in the pound.

Further amounts totalling £19,487.50 were paid to unsecured non-preferential creditors in respect of the first interim dividend of 25 pence in the pound in the period from 24 November 2006 to 8 January 2007. The final distribution of 10.32 pence in the pound totalling £376,984.48 was paid to non preferential creditors on 8 January 2007. The total dividends paid to the unsecured non-preferential creditors in the period from 24 November 2006 to 8 January 2007 amounted to £396,471.98.

Unclaimed Dividends

Unclaimed dividends will be paid to the company in accordance with the provisions of paragraph 7.1 (c) (xiii) of the CVA proposal. The unclaimed dividends in respect of the dividend to the preferential creditors and the first interim dividend paid to the unsecured non-preferential creditors amounted to a total of £6,906.15. Any unclaimed dividends relating to the final dividend paid to the unsecured non-preferential creditors will also be paid to the company under this provision.

Supervisor's Remuneration

Statement of Insolvency Practice 9 (SIP9) a guidance note of best practice, concerns an Insolvency Practitioners remuneration and expenses. SIP9 was revised with effect from 31 December 2002 after which date it was recommended that insolvency practitioners should provide a detailed analysis of their time costs.

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A time and charge out summary for the period from 24 November 2005 to 23 November 2006, in the format recommended by SIP9, is attached as Appendix 3 of this report showing that during the period 421.20 hours has been spent at an average of £146.31 per hour totalling £61,623.80. A time and charge out summary for the period from 24 November 2006 to 8 January 2007 in the format recommended by SIP9, is attached as Appendix 4 of this report showing that during the period 43.80 hours has been spent at an average of £157.65 per hour totalling £6,905.00.

The Supervisor's time costs for the period from 24 November 2003 to 8 January 2007 amounts to 1058.65 hours at an average hourly rate of £143.21 totalling £151,610.55.

The applicable hourly rates for the period from 24 November 2005 to 8 January 2007 are: -

Grade	Hourly Rates	
	Year ended	Year ended
	30/04/2006	30/04/2007
	£	£
Directors and assistant directors	290	290
Managers	140-200	150-215
Other senior professionals	65-135	70-140
Assistants and support staff	55-85	55-75

Paragraph 7.1 (h) of the CVA proposal approved by the meeting of creditors held on 24 November, 2003 contains provision for payment of the Supervisor's remuneration on a time costs basis. The CVA proposal also provides for payments on account of the Supervisor's remuneration during the course of the CVA.

The Supervisor has drawn remuneration on account, exclusive of VAT, as follows:-

	24/11/2005 to 23/11/2006	24/11/2006 to 08/01/2007
	£	£
30 January 2006	25,000	
5 April 2006	25,000	
3 May 2006	11,500	
30 August 2006	6,494	
8 January 2007		19,000
	<hr/> 67,994	<hr/> 19,000

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Category 2 Disbursements

Paragraph 7.1 (h) of the CVA proposal approved by the meeting of creditors held on 24 November, 2003 also contained provision for payment of the following category 2 disbursements.

1. Postage at actual cost.
2. Photocopying at 10 pence per sheet.
3. Storage of up to £10 per box per annum.

The Category 2 disbursements paid in the periods from 24 November 2005 to 23 November 2006 and from 24 November 2006 to 8 January 2007 were:-

	24/11/2005 to 23/11/2006 £	24/11/2006 to 08/01/2007 £
Postage	298.59	183.43
Photocopying	303.20	513.00
	<hr/> 601.79	<hr/> 696.43

The charge for postage and photocopying paid in the year ended 23 November 2006 relate to the costs of forwarding to the creditors the annual report for the period from 24 November 2004 to 23 November 2005. The charge for postage also includes postage costs in forwarding payments to creditors in respect of the dividend paid to preferential creditors in February 2006 and the interim dividend to the unsecured creditors paid in April 2006. The charges for the final period from 24 November 2006 to 8 January 2007 relates to the copying and postage in respect of the final report to the creditors enclosing the final dividend cheques.

No amounts have been charged for storage throughout the period of the CVA as the Supervisor has not taken possession of any of the company's records.

Outcome for the creditors

The preferential claims have been paid in full from the CVA funds.

The secured creditor, F Loix, has been paid in full from the CVA funds.

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The non-preferential unsecured creditors have received a total of 35.32 pence in the pound from the CVA funds by way of a first interim dividend of 25 pence in the pound and a second and final dividend of 10.32 pence in the pound.

Certificate of Full Implementation

Enclosed with this report is a notice that the CVA has been fully implemented in accordance with the CVA Proposal and modifications approved by the creditors on 24 November 2003 which the Supervisor is obliged to issue to the Court, the company's members and the CVA creditors pursuant to the provisions of rule 1.29 (1) of the Insolvency Rules 1986.



**N F HICKLING  
SUPERVISOR  
8 January 2007**

**Voluntary Arrangement of  
Motor Sport Developments Limited**

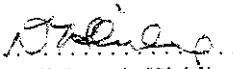
Statement of Affairs		From 24/11/2005 To 23/11/2006	From 05/11/2003 To 23/11/2006
	<b>MOTOR VEHICLES</b>		
16,000.00	Leyland Daf FA65.210 A19 MSD	NIL	NIL
75,000.00	Viper Vanguard Hospitality Trailer	NIL	NIL
72,901.66	Reconnaissance Vehicles	NIL	NIL
24,000.00	Motor Vehicle - Mercedes	NIL	NIL
(211,480.11)	Due to Lombard North Central Limited	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>MOTOR VEHICLES</b>		
22,000.00	Leyland Daf FA65 CF.240 V360 LHS	NIL	NIL
(12,312.59)	Due to Commercial Vehicle Finance Ltd	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>MOTOR VEHICLES</b>		
30,000.00	Mercedes Benz Tractor Unit H18 MSD	NIL	NIL
(33,594.77)	Due to Mercedes Benz Finance	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>PLANT AND MACHINERY</b>		
63,200.00	Workshop Machinery	NIL	NIL
(53,902.03)	Due to Capital Bank PLC	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>OFFICE FURNITURE AND EQUIPMENT</b>		
2,500.00	Computer Equipment	NIL	NIL
(3,656.96)	Due to HFGL Ltd	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>OFFICE FURNITURE AND EQUIPMENT</b>		
5,000.00	Computer System	NIL	NIL
(7,665.62)	Due to Saleslease Purchase Ltd	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
	Award under arbitration of HMC claim	NIL	1,878,244.43
250,000.00	Rally Cars & associated spare parts	NIL	NIL
51,000.00	Motor Vehicles	NIL	NIL
8,600.00	Trailers	NIL	NIL
119,500.00	Plant & Machinery	NIL	NIL
6,650.00	Furniture & Equipment	NIL	NIL
21,500.00	Book Debts	NIL	NIL
53,584.00	Cash at Bank	NIL	NIL
109,363.31	Directors Loan - D G Whitehead	NIL	NIL
11,140.48	Directors loan - A L King-Scott	NIL	NIL
	Bank Interest Gross	16,765.02	16,765.02
	Bank Interest Net of Tax	14,022.74	14,921.10
	Trust Account	(13,500.00)	NIL
	Retained Assets and Stock	90,000.00	90,000.00
	Contribution from Asset Realisations	<u>(24,048.03)</u>	<u>83,923.97</u>
		83,239.73	2,083,854.52
	<b>COST OF REALISATIONS</b>		
	Specific Bond	NIL	1,200.00

**Voluntary Arrangement of  
Motor Sport Developments Limited**

Statement of Affairs	From 24/11/2005 To 23/11/2006	From 05/11/2003 To 23/11/2006
Joint Nominees Fees	NIL	11,000.00
Joint Supervisors Fees	67,994.00	134,494.00
Travelling & subsistence	NIL	880.73
Taxation Advice	1,450.00	1,625.00
Agents/Valuers Fees (1)	2,589.44	5,077.64
Supervisor's Legal Fees	13,995.50	19,330.50
Legal fees of submission to Arbitrators	601.45	15,601.45
HMC legal fees awarded	4,096.12	4,096.12
Irrecoverable VAT on Arbitrator's fees	NIL	16,545.43
Stationery Postage and Copying	601.79	5,134.59
Company Searches	4.00	38.00
Bank Charges	596.32	696.15
	<u>(91,928.62)</u>	<u>(215,719.61)</u>
<b>PREFERENTIAL CREDITORS</b>		
Department of Employment	13,416.00	13,416.00
(90,000.00) Employees Wages Arrears and Holiday Pay	57,292.86	57,292.86
(35,000.00) Pension Schemes	NIL	NIL
	<u>(70,708.86)</u>	<u>(70,708.86)</u>
<b>FLOATING CHARGE CREDITORS</b>		
(333,333.33) Due to F Loix	436,545.24	487,913.22
	<u>(436,545.24)</u>	<u>(487,913.22)</u>
<b>UNSECURED CREDITORS</b>		
(2,305,466.61) Trade & Expense Creditors	688,935.87	688,935.87
(412,000.00) Employees	130,794.27	130,794.27
(254,925.29) Inland Revenue	74,020.06	74,020.06
Pension Schemes	NIL	NIL
(164,478.27) F Loix	NIL	NIL
	<u>(893,750.20)</u>	<u>(893,750.20)</u>
<b>DISTRIBUTIONS</b>		
(4,686.00) Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(2,980,562.13)</u>	<u>(1,409,693.19)</u>	<u>415,762.63</u>

**REPRESENTED BY**

VAT Receivable	1,150.79
Bank 1 - Deposit	421,517.99
Unclaimed Dividends	(6,906.15)
	<u>415,762.63</u>

  
Neil Francis Hickling  
Supervisor

**Voluntary Arrangement of  
Motor Sport Developments Limited**

APPENDIX 2

Statement of Affairs		From 24/11/2006 To 08/01/2007	From 05/11/2003 To 08/01/2007
	<b>MOTOR VEHICLES</b>		
16,000.00	Leyland Daf FA65.210 A19 MSD	NIL	NIL
75,000.00	Viper Vanguard Hospitality Trailer	NIL	NIL
72,901.66	Reconnaissance Vehicles	NIL	NIL
24,000.00	Motor Vehicle - Mercedes	NIL	NIL
(211,480.11)	Due to Lombard North Central Limited	NIL	NIL
		NIL	NIL
	<b>MOTOR VEHICLES</b>		
22,000.00	Leyland Daf FA65 CF.240 V360 LHS	NIL	NIL
(12,312.59)	Due to Commercial Vehicle Finance Ltd	NIL	NIL
		NIL	NIL
	<b>MOTOR VEHICLES</b>		
30,000.00	Mercedes Benz Tractor Unit H18 MSD	NIL	NIL
(33,594.77)	Due to Mercedes Benz Finance	NIL	NIL
		NIL	NIL
	<b>PLANT AND MACHINERY</b>		
63,200.00	Workshop Machinery	NIL	NIL
(53,902.03)	Due to Capital Bank PLC	NIL	NIL
		NIL	NIL
	<b>OFFICE FURNITURE AND EQUIPMENT</b>		
2,500.00	Computer Equipment	NIL	NIL
(3,656.96)	Due to HFGL Ltd	NIL	NIL
		NIL	NIL
	<b>OFFICE FURNITURE AND EQUIPMENT</b>		
5,000.00	Computer System	NIL	NIL
(7,665.62)	Due to Saleslease Purchase Ltd	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
	Award under arbitration of HMC claim	NIL	1,878,244.43
250,000.00	Rally Cars & associated spare parts	NIL	NIL
51,000.00	Motor Vehicles	NIL	NIL
8,600.00	Trailers	NIL	NIL
119,500.00	Plant & Machinery	NIL	NIL
6,650.00	Furniture & Equipment	NIL	NIL
21,500.00	Book Debts	NIL	NIL
53,584.00	Cash at Bank	NIL	NIL
109,363.31	Directors Loan - D G Whitehead	NIL	NIL
11,140.48	Directors loan - A L King-Scott	NIL	NIL
	Bank Interest Gross	NIL	16,765.02
	Bank Interest Net of Tax	4,235.40	19,156.50
	Retained Assets and Stock	NIL	90,000.00
	Contribution from Asset Realisations	NIL	83,923.97
		4,235.40	2,088,089.92
	<b>COST OF REALISATIONS</b>		
	Specific Bond	NIL	1,200.00
	Joint Nominees Fees	NIL	11,000.00

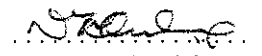


**Voluntary Arrangement of  
Motor Sport Developments Limited**

Statement of Affairs	From 24/11/2006 To 08/01/2007	From 05/11/2003 To 08/01/2007
Joint Supervisors Fees	19,000.00	153,494.00
Travelling & subsistence	NIL	880.73
Taxation Advice	NIL	1,625.00
Agents/Valuers Fees (1)	500.00	5,577.64
Supervisor's Legal Fees	384.00	19,714.50
Legal fees of submission to Arbitrators	NIL	15,601.45
Corporation Tax	2,945.62	2,945.62
HMC legal fees awarded	NIL	4,096.12
Irrecoverable VAT on Arbitrator's fees	NIL	16,545.43
Stationery Postage and Copying	696.43	5,831.02
Company Searches	NIL	38.00
Bank Charges	NIL	696.15
	(23,526.05)	(239,245.66)
<b>PREFERENTIAL CREDITORS</b>		
Department of Employment	NIL	13,416.00
(90,000.00) Employees Wages Arrears and Holiday Pay	NIL	57,292.86
(35,000.00) Pension Schemes	NIL	NIL
	NIL	(70,708.86)
<b>FLOATING CHARGE CREDITORS</b>		
(333,333.33) Due to F Loix	NIL	487,913.22
	NIL	(487,913.22)
<b>UNSECURED CREDITORS</b>		
(2,305,466.61) Trade & Expense Creditors	292,649.81	981,585.68
(412,000.00) Employees	53,991.86	184,786.13
(254,925.29) Inland Revenue	30,555.48	104,575.54
Pension Schemes	19,274.83	19,274.83
(164,478.27) F Loix	NIL	NIL
	(396,471.98)	(1,290,222.18)
<b>DISTRIBUTIONS</b>		
(4,686.00) Ordinary Shareholders	NIL	NIL
	NIL	NIL
(2,980,562.13)	(415,762.63)	(0.00)

REPRESENTED BY

NIL

  
Neil Francis Hickling  
Supervisor

**APPENDIX 3**  
**TIME AND CHARGE OUT SUMMARY**  
**FROM 24 NOVEMBER 2005 TO 23 NOVEMBER 2006**

Classification of work function	Hours					Time Cost £	Average Hourly Rate
	Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Time from 24/11/2003 to 23/11/2005	26.00	331.60	3.75	232.30	593.65	83,081.75	139.95
<b>Time from 24/11/2005 to 23/11/2006</b>							
Administration and Planning	0.00	36.65	9.75	28.75	75.15	10,477.25	139.42
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of assets	0.00	5.25	0.00	0.00	5.25	1,007.50	191.90
Creditors	8.00	199.50	0.00	121.50	329.00	48,812.50	148.37
Smith & Williamson Pension Consultancy Ltd	0.00	0.15	11.65	0.00	11.80	1,326.55	112.42
Time incurred during the period from 24/11/2005 to 23/11/2006	8.00	241.55	21.40	150.25	421.20	61,623.80	146.31
Total Time incurred to 23/11/2006	34.00	573.15	25.15	382.55	1,014.85	144,705.55	142.59

**APPENDIX 4**  
**TIME AND CHARGE OUT SUMMARY**  
**FROM 24 NOVEMBER 2006 TO 8 JANUARY 2007**

Classification of work function	Hours					Time Cost £	Average Hourly Rate
	Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Time from 24/11/2003 to 23/11/2006	34.00	573.15	25.15	382.55	1,014.85	144,705.55	142.59
<b>Time period ended 08/01/2007</b>							
Administration and Planning	0.00	17.05	4.00	1.00	22.05	4,055.00	183.90
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	5.00	1.75	0.00	15.00	21.75	2,850.00	131.03
Time incurred during period from 24/11/2006 to 08/01/2007	5.00	18.80	4.00	16.00	43.80	6,905.00	157.65
Total Time incurred	39.00	591.95	29.15	398.55	1,058.65	151,610.55	143.21