

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company
Target Appointments Limited

Company number
02635162

In the High Courts of Justice <small>(full name of court)</small>

Court case number
6897 of 2011

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

I/We (a)
Simon Franklin Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
London
E14 9XQ

Daniel Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
London

*Delete as
applicable

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

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

(b) 12 August 2011

Signed


Joint Administrator(s)

Dated

12 18 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 researchers of the

Simon Franklin Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
London
E14 9XQ

DX Number

020 7538 2222
DX Exchange

When you have completed and signed this form, please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

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Target Appointments Limited (In Administration)

**Report to Creditors and
Statement of Proposals
Pursuant to Paragraph 49(1) of
Schedule B1 to the Insolvency Act 1986**

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Target Appointments Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

1. Executive Summary

**SECTION/APP.
REFERENCE**

- | | |
|---|---|
| <p>1.1 The Company was placed into Administration on 5 August 2011. The purpose of rescuing the Company as a going concern was not achievable. The primary purpose of the Administration was therefore to achieve 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).</p> | <p>Section 5</p> |
| <p>1.1 The Company was incorporated on 5 August 1991 to provide recruitment services to a number of industries. Its registered office and trading premises is situated at Unit 44 City Business Centre, Lower Road, Canada Water, London, SE16 2XB.</p> | <p>Section 4
and Appendix I</p> |
| <p>1.2 It is understood that Reginald Roberts was previously the director of a company called Bligh Appointments Limited until August 1991, when he set up his own business and formed the Company to continue providing recruitment services. Following a number of years of steady growth and having obtained work from various blue chip companies, the Company's turnover peaked in 2000. In 2001, the Company lost work from two of its major customers and turnover significantly reduced. It is understood that the Company's turnover remained at this reduced level until 2007. From 2007 onwards, trade began to decline as a result of the economic downturn. In addition, the Company suffered a number of bad debts during 2009 and it became unable to service its liabilities as and when they fell due. At this time, the Company entered into a payment plan with Her Majesty's Revenue and Customs to pay its arrears. Despite this, Her Majesty's Revenue and Customs accumulated a significant debt from 2009 to 2011. Close Invoice Finance Limited were made aware of the Company's financial difficulties and in order to protect its position, sought to appoint Administrators.</p> | <p>Section 4
And Appendix II</p> |
| <p>1.3 It was envisaged that the primary purpose of the Administration would be achieved by a sale of the business and assets on a going concern basis. Given the lack of funding available, continued trading of the business was not an option. The Joint Administrators have since completed a sale of the Company's business and assets.</p> | <p>Section 6</p> |
| <p>1.4 The purpose of the Administration is still in the process of being achieved and there is still a significant amount of work to be undertaken. This includes collecting the deferred sale consideration, effecting realisations in respect of debtor recoveries and continued investigations into the Company's affairs. The Joint Administrators consider that it may be advisable for the Company to continue in Administration for the time being. However, they require the option of placing it into Creditors' Voluntary Liquidation for distribution purposes in the unlikely event that there are sufficient realisations in the Administration for a dividend to unsecured creditors. Alternatively, the Joint Administrators will file notice of dissolution of the Company at Companies House should they take the view that the Company has no property which might permit a distribution to its creditors, unless they believe that they should present a winding up petition at court, so that a liquidator can be appointed to further investigate the Company's affairs. It is not proposed to convene a meeting of creditors.</p> | <p>Sections 7, 11 and
12</p> |
| <p>1.5 There has been a limited response to the questionnaire that was sent to creditors. Responses may assist the Joint Administrators with their general investigation duties. Accordingly, those who have not replied are urged to do so.</p> | <p>Section 13</p> |

2. Introduction

- 2.1** This Report and Statement of Proposals ("the Report") is prepared pursuant to Schedule B1, Paragraph 49 of the Insolvency Act 1986, ("the Act") in relation to Target Appointments Limited ("the Company"), the purpose of which is to provide creditors with a full update as to the present position and seek creditors' approval of the next stage of proceedings
- 2.2** The Report also includes information required to be provided to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986 ("the Rules") All statutory information pertaining to the Company is set out in **Appendix I**

3. The Joint Administrators' Appointment

- 3.1** On 5 August 2011, a Notice of Appointment of an Administrator by Holder of a Qualifying Floating Charge ("the Notice of Appointment") was presented to the High Court of Justice by solicitors Francis Wilks & Jones ("FWJ"), on behalf of Close Invoice Finance Limited ("Close")
- 3.2** On the same day, the Notice of Appointment was endorsed with case number 6897 of 2011 Both Simon Franklin Plant and Daniel Plant of SFP, 9 Ensign House, Admirals Way, Marsh Wall, London E14 9XQ were appointed Joint Administrators ("the Joint Administrators") Pursuant to Schedule B1, Paragraph 100(2) of the Act, the Joint Administrators act jointly and severally

4. Company History, Events Leading to the Administration Order and Pre-Planning Work

Company History and Events Leading to the Administration Order

- 4.1** Albert that statutory information is contained in **Appendix I**, this report provides brief details in relation to the Company's history
- 4.2** The Company was incorporated on 5 August 1991 to provide recruitment services to a number of industries At the time of the Administration, the Company's registered office and trading premises was situated at Unit 44 City Business Centre, Lower Road, Canada, London, SE16 2XB ("the Trading Premises")
- 4.3** As at the date of the placing of the Company into Administration, Reginald Roberts ("Mr Roberts") was the Company's sole director Jennifer Roberts was the registered Company Secretary A full list of historic company appointments is scheduled at **Appendix I**.
- 4.4** Mr Roberts has advised that the Company operated its banking facilities with The Royal Bank of Scotland PLC ("RBS") and details of the account balances have been requested by the Joint Administrators It is understood that there is a small credit balance on the Company's accounts with RBS
- 4.5** It is understood that prior to the incorporation of the Company, Mr Roberts was the director of Bligh Appointments Limited, a provider of recruitment services
- 4.6** Following a number of successful years trading, Mr Roberts set up his own business and incorporated the Company in August 1991 Using his experience in the recruitment industry and customer contacts, he was able to continue providing recruitment services
- 4.7** Mr Roberts advised that the Company's first year of turnover generated a turnover of circa £380,000 and following this, the Company experienced a number of years of steady growth

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- 4.8** Given the Company's rapid growth, the Company sought invoice finance to assist its cash-flow and subsequently entered into an invoice discount agreement with Metropolitan Factors Limited ("MFL") during March 1998. By way of security, MFL registered a debenture containing fixed and floating charges at Companies House on 7 March 1998.
- 4.9** Following this and as a result of obtaining work from a number of blue chip companies, the Company's turnover peaked in 2000, at circa £3.6m per annum.
- 4.10** In 2001, the Company lost work from a couple of major clients which resulted in annual turnover falling to circa £2m per annum. It is understood that its turnover remained at this level from 2001 to 2007 and that there were no major changes to the business.
- 4.11** During 2007, the Company's facility was transferred from MFL to Close. By way of security, Close registered a debenture containing fixed and floating charges at Companies House on 19 June 2007.
- 4.12** The Company's turnover began to subsequently fall as a result of the economic downturn and by 2009, it had reduced to circa £1.3m per annum. Further, the Company suffered a number of bad debts and one customer fraudulently raised timesheets. These factors had a collective significant impact upon cash-flow.
- 4.13** As a result, the Company became unable to service its liabilities as and when they fell due and its liability to Her Majesty's Revenue and Customs ("HMRC") accumulated to circa £54,000. In light of this, the company entered into an agreement with HMRC to pay its arrears at a rate of £2,000 per month.
- 4.14** Following this and despite continuing to service a number of blue chip companies such as Debenhams and Burberry, the continued economic downturn resulted in a reduction of temporary positions for staff. Accordingly, the Company's turnover continued to fall and by 2011, it had reduced to circa £840,000 per annum. Gross profit margins also reduced from 26% to 22%.
- 4.15** Despite maintaining monthly payments of £2,000 to HMRC to clear the arrears prior to 2009, it is understood that HMRC accumulated an additional debt from 2009 to 2011 of circa £304,000.
- 4.16** Close were made aware of the Company's financial difficulties and in order to protect its position, sought to place the Company into Administration.
- 4.17** Accordingly, on 5 August 2011, FWJ filed the Notice of Appointment at the High Court of Justice on behalf of Close. This was subsequently endorsed with case number 6897 of 2011, appointing Simon Plant and Daniel Plant as Joint Administrators, at 10.30am on the same day.
- 4.18** At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration ("the Statement of Affairs"). The Statement of Affairs indicates that the Company was insolvent on a balance sheet basis with a deficiency to creditors of £283,577.

Pre-planning work

- 4.19** The partners of SFP, together with SFP's staff have undertaken pre-appointment work in respect of this matter. This work includes printing and reviewing company searches, discussing the position with Close, holding internal meetings and dealing with appointment documentation.

5. The Purpose of the Administration

- 5.1** The purposes of an Administration are set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of
- 5.1.1** rescuing the company as a going concern, or
 - 5.1.2** achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration), or
 - 5.1.3** realising property in order to make a distribution to one or more secured or preferential creditors
- 5.2** The purposes are therefore a hierarchy of objectives. The rescue of a company is the priority. Next is to instead achieve a better return to the creditors as a whole. In the event that this cannot be achieved then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.
- 5.3** In the light of the insolvency of the Company, the initial purpose relating to its rescue could only be achieved through a company voluntary arrangement. This was not considered to be achievable, although it appeared that the second purpose was a viable option. Full details concerning progress in respect of this purpose are set out in **Section 7**.

6. Events Following the Joint Administrators' Appointment Leading to Initial Strategy

- 6.1** As a rescue of the Company was not possible, the primary purpose of the Administration was to obtain a better result for the creditors as a whole than would be achieved if the Company was simply wound up (without first being in Administration). This would potentially be achieved with the assistance of a statutory moratorium, which protects a company when it is placed into Administration. The moratorium effectively prevents all creditors' actions being taken or progressed without leave of the Court or the Administrator's consent, thereby providing a company with breathing space in which a strategy can be invoked to maximise realisations.
- 6.2** Upon appointment, members of SFP's Administration department and debt recovery division, SFP Recoveries Limited ("SFP Recoveries") (collectively, "the Team") attended the Trading Premises. Further, chattel asset valuers, Edward Symmons LLP ("Edward Symmons") were instructed to attend in order to compile a valuation and inventory of the Company's business and assets.
- 6.3** Upon arrival at the Trading Premises, the Team met with Mr Roberts and provided him with SFP's standard director pack outlining the effect of the Administration, together with formal notices to undertake statutory and non-statutory obligations.
- 6.4** The Team obtained details of the Company's history and established its current circumstances. The Team also gleaned the various information and documentation required to discharge statutory and non-statutory duties, during the course of the day. Meanwhile, a representative from SFP Recoveries collated all debtor information in order to reconstruct debtor files to assist with the recovery of book debts.
- 6.5** Further, the Team worked to gather the necessary financial and operational information in order to determine whether or not continued trading of the Company was an option.
- 6.6** The possibility of continued trading whilst in Administration was determined not to be a viable option given the lack of available funding. Further, that it would not be possible to market the business and assets to a third party given that the Company had no customer contracts.

- 6.7 Accordingly, Edward Symmons advised that an expedient sale of the Company's business and assets to existing management would generate the most effective recovery
- 6.8 In light of the above, the Team enquired whether or not Mr Roberts would be interested in purchasing the Company's business and assets. Mr Roberts confirmed that he would be amenable to making an offer and rescuing the business

7. General Progress In Relation to the Administration

Sale of Business

- 7.1 Following receipt of Edward Symmons' valuation, discussions were entered into with Mr Roberts during the afternoon of 5 August 2011. Mr Roberts advised that he was the director of a company called Target Recruitment Solutions Limited ("TRS") which could be used as a purchasing vehicle in the event of an agreement being reached
- 7.2 As a result, negotiations commenced with TRS and an initial deersory offer of £10,000 was made. The offer was rejected and the Team encouraged the company to make an increased offer
- 7.3 Following subsequent negotiations, a final offer from TRS of £20,000 was elicited by the Joint Administrators. The offer was discussed with Edward Symmons who advised that the offer represented a good realisation in the circumstances and should be accepted
- 7.4 Accordingly, FWJ were instructed to draft a sale and purchase agreement ("SPA"). Further, to draft a licence for TRS to occupy the Trading Premises ("the Licence"). Both agreements were circulated during the morning of Monday, 8 August 2011.
- 7.5 Subsequent to some minor amendments to the agreements, final drafts were agreed upon and the sale completed at 4.40pm on Monday, 8 August 2011
- 7.6 The sale consideration has been granted on a deferred basis. The terms of the sale provided for £2,500 to be paid upon completion followed by £17,500 payable on or before 12 August 2011
- 7.7 The Joint Administrators have obtained a personal guarantee from Mr Roberts in relation to the deferred sale consideration. To date, the Joint Administrators have received the initial completion payment of £2,500

Information to be provided to Creditors in Accordance with SIP 13

- 7.8 SIP 13 provides that the Joint Administrators should provide certain details concerning the sale of a business as a going concern to connected parties. Given that Mr Roberts is a connected party, creditors are entitled to be provided with the following information
- 7.8.1 the consideration for the purchase of the business and assets sold was £20,000. The terms of the sale are detailed above in **Section 7.6**
- 7.8.2 the Joint Administrators understand that TRS did not take independent legal advice in relation to the purchase although it was afforded the opportunity to do so,
- 7.8.3 the sale had to be completed as quickly as possible given that there were no funds to continue trading, thus maximising realisations. Accordingly, the sale took place without consultation to the Company's creditors, and

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- 7.8.4** Mr Roberts has provided a personal guarantee, in relation to the consideration payable pursuant to the terms of the sale agreement. The initial instalment payable upon completion of £2,500 has been received.

The Employees

- 7.9** Once a sale of the Company's business and assets completed on 8 August 2011, a meeting was held with the Company's employees. During this meeting, they were notified of the sale to TRS and the subsequent transfer of their contracts of employment to that entity pursuant to the Transfer of Undertakings and Protection of Employment Regulations.
- 7.10** A letter was sent to all employees on 10 August 2011 confirming the sale and providing the relevant forms in the event that they are unable to claim their wage arrears from TRS.

Debtors

- 7.11** As at the date of the placing of the Company into Administration, it is understood that its ledger was £157,070 with Close having an outstanding commitment of £133,477.
- 7.12** Close is collecting the sales ledger and SFP Recoveries are on hand to assist if necessary. In the event of Close being repaid in full, SFP Recoveries shall seek to have the sales ledger reassigned and attempt to recover any outstanding balances for the benefit of the Administration.

The Company's Trading Premises

- 7.13** In accordance with the terms of the Licence, TRS has agreed to pay £1,363, plus VAT on or before 12 August 2011 to occupy the Trading Premises to 31 August 2011.
- 7.14** In the event that the landlord of the Trading Premises agrees to reduce its rental cost for this period, any reduction will be passed on to TRS.
- 7.15** The Joint Administrators' property division, SFP Property Limited ("SFP Property") has been instructed to dispose of the Company's interest in the Trading Premises as expediently as possible once the Licence has expired.

Investigation into the Company's Affairs Prior to the Administration

- 7.16** Investigations into the Company's affairs prior to it being placed into Administration are being undertaken by another entity associated with the Joint Administrators' firm, SFP Forensic Limited ("SFP Forensic") and are presently ongoing.
- 7.17** SFP Forensic has identified various areas of concern in relation to the Company's trading activities prior to it being placed into Administration. These are currently being investigated. However, the Joint Administrators do not wish to divulge any further information in relation to this at this stage since it may hamper enquiries / future recoveries.

Miscellaneous

- 7.18** The Company's books and records have been recovered from the Trading Premises by another entity associated with the Joint Administrators' firm, SFP Datastore Limited ("SFP Datastore"). An inventory has been prepared and the books and records will continue to be stored by them.

8. The Statement of Affairs and the Outcome for Creditors / Joint Administrators' Receipts and Payments

- 8.1** Based upon current information, it is unlikely that there will be a dividend to unsecured creditors. At **Appendix II** is an Estimated Statement of Affairs as at the date that the Company was placed into Administration, completed by the Joint Administrators. A Statement of Affairs has been requested from the Company's director. To date, these forms have not been returned.
- 8.2** In addition to this is a list of creditors whose details have been obtained from the Company's records and whose claims have been lodged. Please note that the £0.00 balances denote claims that are yet to be lodged onto the Joint Administrators' system and does not mean that the claim has been rejected or agreed.
- 8.3** Attached at **Appendix III** is the Joint Administrators' Receipts and Payments Account for the period from 5 August 2011 to 5 August 2011.

9. Statement of Pre-Appointment Cost

- 9.3** Attached at **Appendix IV** are schedules of the Joint Administrators' time costs associated with the pre-administration period (as defined by Rule 2.33(2A)), which total £328. The Joint Administrators are proposing resolutions to authorise these costs to be paid in full, plus VAT and disbursements, in accordance with Rule 2.67A(3) and draw their costs from funds held in the insolvent estate. These costs are to be approved by the creditors or by a Creditors' Committee should one be established, as detailed in **Section 10**.
- 9.4** The work undertaken prior to the Joint Administrators' appointment is outlined in paragraph 4.19.

10. The Joint Administrators' Costs

- 10.1** Given that there may not be a surplus available to the unsecured creditors, it looks to be the case that the third purpose only of the Administration (at **paragraph 5.1.3**) will be achieved. From the outset the Joint Administrators arranged for the Team to be present at the Trading Premises in order to react to any immediate issues.
- 10.2** To date, the Joint Administrators have undertaken, inter alia, the following actions:
- 10.2.1** undertaking initial review of the trading position and ascertaining the feasibility of continued trading,
 - 10.2.2** liaising with staff and the director in order to deal with immediate issues,
 - 10.2.3** liaising with Edward Symmons concerning the sale of the Company's assets,
 - 10.2.4** dealing with employees through verbal and written notification,
 - 10.2.5** reviewing the Company's books and records for creditor information and employee details,
 - 10.2.6** attending numerous discussions with Mr Roberts to determine the Company's position as at the date of Administration,
 - 10.2.7** liaising with SFP Recoveries and Close regarding the sales ledger,
 - 10.2.8** liaising with SFP Forensics regarding investigation into the affairs of the Company,

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- 10.2.9 liaising with SFP Property concerning the Trading Premises, and
- 10.2.10 undertaking all statutory measures including updating creditors, advertising and filing requisite documents and forms at Companies House and Court
- 10.3 At **Appendix IV** is a breakdown of the time that has been incurred by SFP to date At **Appendix XI** is a Guide to Administrators' Fees, being Statement of Insolvency Practice 9
- 10.4 At **Appendix V** is a breakdown of the time that has been incurred by SFP Forensic to date
- 10.5 At **Appendix VI** is a breakdown of the time that has been incurred by SFP Property to date
- 10.6 At **Appendix VII** is a breakdown of the time that has been incurred by SFP Recoveries to date
- 10.7 At **Appendix VIII** is a breakdown of the time that has been incurred by SFP Datastore to date
- 10.8 At **Appendix IX** is a guide to SFP and its associated entities charge out rates and disbursement rates
- 10.9 **Section 13** sets out the Joint Administrators' proposals The Joint Administrators do not anticipate a distribution to unsecured creditors On this basis, Rule 2.106 (5A) provides that in a case where the administrator has made a statement under paragraph 52(1)(b), if there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed (in accordance with paragraph (2)) by the approval of
- 10.9.1 each secured creditor of the company, or
- 10.9.2 if the administrator has made or intends to make a distribution to preferential creditors,
- 10.9.2.1 each secured creditor of the company, and
- 10.9.2.2 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
- 10.10 The Joint Administrators propose that their remuneration be on a time cost basis, being the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration under rule 2.106(2) of the Rules Further, that pre-planning costs are to be paid in full in accordance with Rule 2.67A(3) from funds held in the insolvent estate
- 10.11 In accordance with the above, each secured creditor has been provided with a copy of these proposals In addition and for the sake of good order, authority from the unsecured creditors is also being sought Unless any objection to the proposed basis of remuneration is notified to the Joint Administrators within 8 business days from the date on which the proposals are sent out, the Joint Administrators will deem the basis of remuneration approved by both the secured creditors and the unsecured creditors
- 10.12 In accordance with Rule 2.109 of the Rules, any secured creditor, or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors, or with the permission of the Court, may apply to the Court on the grounds that the remuneration or other expenses are excessive Any such application must be made no later than 8 weeks after receipt of this report

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- 10.13** Disbursements and specific expenditure relating to the administration of an insolvent estate and payable to an independent third party are recoverable without creditor approval. Such expenditure is made, if funds are available from the insolvent estate. If funds are not available the payment is made from this firm's office account and this firm is reimbursed from the insolvent estate if and when funds become available.
- 10.14** Payments made out of a firm's office account and re-charged to an insolvent estate are defined as 'Category 1 Disbursements'. This disbursement is explained further under the expenses and Disbursements heading in the Guide to Administrators' fees at **Appendix XI**. There have been no Category 1 disbursements incurred to date.
- 10.15** Expenditure incidental to the administration of the insolvent case, which by its nature includes an element of shared or allocated costs are recoverable with creditor approval. These payments are defined as 'Category 2 Disbursements' and, once again, this disbursement is explained further in the Guide to Administrators' fees at **Appendix XI**. There have been no Category 2 disbursements incurred to date.
- 10.16** The fees incurred by FWJ, Edward Symmons, SFP Forensic, SFP Recoveries and SFP Property are on a time cost basis.
- 10.17** An Administration will continue for a period up to one year, at which point it will either be extended by creditors' consent or Court Order, be moved into Liquidation or the company will be dissolved.
- 10.18** Regulation 3A of The Insolvency Regulations 1994 states that the last Administrator of a company which has been dissolved may, at any time after the expiration of a period of one year from the date of dissolution, destroy the records of the company.
- 10.19** In this case, it is not anticipated that the Administration will be concluded much earlier than the maximum one year period. Consequently, the minimum period that the Joint Administrators anticipate holding the company's books and records for will be two years.
- 10.20** SFP Datastore's fees are calculated on a fixed fee basis for storage, retrieval and destruction of books and records and an hourly rate for any further work carried out. SFP Datastore will be responsible for holding the Company's books and records for the required period, and for arranging for the destruction of these records when applicable.
- 10.21** It is proposed that the charges for the minimum period of two years storage and destruction of the records / permanent box removal of £20.80 and £9 per box respectively, will be charged to the case upfront, shortly following appointment.
- 10.22** In the event that the Administration is concluded early, the Company is dissolved early and the records are held for less than the anticipated two year period, any fees billed and paid in advance will be credit noted and the funds repaid to the estate as necessary.
- 10.23** In the event that the Administration is extended, any additional charges incurred by SFP Datastore will be paid as they are incurred.

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- 10.24** SFP Forensic, SFP Recoveries, SFP Property and SFP Datastore are entities which are associated with the Joint Administrators' firm, SFP ("the Associated Entities") Pursuant to SIP 9 payments made to outside parties in which the office holder or his firm or any associate has an interest should be treated as a Category 2 Disbursement In accordance with SIP 9 the following information is provided concerning the Associated Entities

10.24.1 the Associated Entities have been established by SFP to perform functions to which either the office holder or outside agencies could undertake It is considered that by virtue of their specialist nature and close proximity to SFP they will achieve better results than the office holder, his team or any outside agencies would be able to accomplish

10.24.2 the Associated Entities' remuneration is on an hourly time cost basis, divided into 6 minute units and calculated as follows

Entity	Basis of Remuneration	Staff Charge Out Rates
SFP Forensic	Time Cost	£100 - £500*
SFP Property	Time Cost	£100 - £350*
SFP Recoveries	Time Cost	£100 - £500*
SFP Datastore	Fixed Fee and Time Cost	£25-£75*

*The charge out rates detail the bands that will be applied dependent upon the grading of staff required to deal with any one specific assignment Please note that these may fluctuate/alter during the course of the Administration or the placing of the Company into a subsequent insolvency regime

10.24.3 the proposals to creditors seek the approval of the payment of SIP 9 Category 2 Disbursements Approval will entitle the office holder to settle these as and when deemed necessary without the need for any further authorisation

11. Additional Points Required to Be Made Pursuant to the Rules

- 11.1** For creditors' general information, the EC Regulations on insolvency proceedings do apply in this case, and these proceedings are the main proceedings
- 11.2** Pursuant to Schedule B1, Paragraph 47(1) of the Act, the Joint Administrators may request one or more relevant persons to provide a Statement of Affairs of the Company Following the Joint Administrators' appointment, all active directors of the Company have been requested to provide a statement of affairs although to date, these forms have not been submitted
- 11.3** The Joint Administrators do not consider that the prescribed part defined under section 176A of the Act will be payable

12. The Dispensing Of A Meeting of Creditors

- 12.1** Pursuant to Schedule B1, Paragraph 51(1) a copy of the Administrator's statement of proposals must be accompanied by an invitation to a creditors meeting However, this requirement may be dispensed with in circumstances where there is likely to be nothing of substance that the creditors meeting could decide
- 12.2** These circumstances are set out in Paragraph 52(1) which provides that the need to convene a meeting shall not apply where the statement of proposals states that the Administrator thinks that
- 12.2.1** the company has sufficient property to enable each creditor of the company to be paid in full,

Target Appointments Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

- 12.2.2** the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of payment through the prescribed element of floating charge realisations, or
- 12.2.3** the only objective of the Administration which the Administrator thinks is capable of achievement is realising property in order to make a distribution to one or more secured or preferential creditors
- 12.3** In this instance the Joint Administrators are of the view that paragraph **12.2.3** will only apply in relation to the Company
- 12.4** Notwithstanding this, the Joint Administrators shall be required to summon a meeting of creditors if it is requested by the Company's creditors whose debts amount to at least 10% of the total debts of the Company, by way of service of a Form 2.21B, within 8 business days from the date on which the proposals are sent out
- 12.5** If such meeting is requested it must be held within 28 days of the request being received by the Joint Administrators. Security must be given for the expenses of summoning and holding the meeting. At **Appendix XII** is a copy of the Form 2.21B should any creditor wish to request a meeting. If no meeting is requested the proposals will be deemed to be accepted pursuant to Rule 2.33(5) of the Rules

13 The Joint Administrators' Proposal

- 13.1** The Administration has enabled the Company to have a breathing space in which to achieve a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration)
- 13.2** The prescribed time limit for an Administration is 12 months. In the event that an Administration lasts in excess of 12 months, the Joint Administrators have to obtain creditors' approval or make an application to Court to extend its length
- 13.3** It is a requirement, notwithstanding the fact that a company is left in Administration for the Joint Administrators to investigate the company's affairs and submit the appropriate D form to the Department for Business, Innovation and Skills concerning the director's conduct
- 13.4** In the event that there are or may be further realisations that result in a dividend to unsecured creditors the Joint Administrators shall seek to place the Company into Creditors Voluntary Liquidation in order to effect a distribution. In such circumstances they will be looking to take the appointment as Liquidators. In accordance with Schedule B1, Paragraph 83(7) of the Act and Rule 2.117(3), creditors are able to nominate a different person or persons as proposed Liquidator or Liquidators, provided that the nomination is made after the receipt of the proposals and before they are approved
- 13.5** It is proposed that the Creditors' Voluntary Liquidation would commence from the date of acknowledgement by the Registrar of Companies that the relevant notice has been filed at Companies House. This procedure, which is permitted by the Act would circumvent the need for an additional creditors' meeting and keep costs to a minimum
- 13.6** In light of the above, and in accordance with Schedule B1, Paragraph 49(1) of the Act, it is proposed by the Joint Administrators that
- 13.6.1** the Administration of the Company continue in order to collect the deferred sale consideration, effect outstanding realisations of the Company's debtors and finalise any additional matters which require the assistance of the moratorium,

Target Appointments Limited (In Administration)
Report to Creditors and Statement of Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

- 13.6.2** the Joint Administrators' time costs associated with the pre-appointment period of £328 be paid in full in accordance with Rule 2.67A(3), from funds held in the insolvent estate,
- 13.6.3** the Joint Administrators' remuneration be fixed by the time properly spent by them and their staff in attending to matters arising out of the Administration in accordance with Statement of Insolvency Practice 9 and that the Joint Administrators be authorised to draw remuneration as and when funds become available,
- 13.6.4** the Joint Administrators be authorised to recover all disbursements including category 2 disbursements as defined by the Statement of Insolvency Practice 9,
- 13.6.5** SFP Datastore will charge upfront for the minimum period of two years storage and destruction of the records / permanent box removal of £20.80 and £9 per box respectively, shortly following appointment,
- 13.6.6** in the event that the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they shall be authorised to file a notice of dissolution of the Company pursuant to paragraph 84 of Schedule B1 to the Act,
- 13.6.7** In the event of a potential distribution being available to unsecured creditors, the Joint Administrators either together or with one of them jointly taking the appointment with another Insolvency Practitioner of SFP, be appointed Joint Liquidators of the Company pursuant to paragraph 83 of Schedule B1 to the Act without further recourse to the creditors with the purpose of making a distribution to unsecured creditors and to continue investigation into the Company's affairs,
- 13.6.8** as an alternative to paragraphs 13.6.6 and 13.6.7 the Joint Administrators be able to seek to place the Company into Compulsory Liquidation in order to pursue such actions and bring proceedings that only a Liquidator is permitted to bring pursuant to the Act,
- 13.6.9** upon the placing of the Company into Liquidation under paragraph 13.6.7 or 13.6.8 or the necessary form being filed for the Company to be dissolved, the Joint Administrators be discharged from liability in respect of any action undertaken by them pursuant to Schedule B1, paragraph 98 of the Act,
- 13.6.10** upon the placing of the Company into Liquidation, the Joint Liquidators' remuneration be fixed on the same basis as that of the Joint Administrators' remuneration, in accordance with Rule 4.127(5A) and that the Joint Liquidators be authorised to draw remuneration as and when funds become available, and
- 13.6.11** upon the placing of the Company into Liquidation, the Joint Liquidators be authorised to act in a joint and several capacity

14. Ancillary

Creditors Questionnaires

- 14.1 The response that has been forthcoming from the questionnaire provided to creditors has proved to be helpful in relation to the events that transpired up to the date that the Company was placed into Administration.
- 14.2 As previously stated in the first circular to the Company's creditors, responses that are received may prove integral to assist with investigations into the Company's affairs. Accordingly, if you have not previously provided a completed questionnaire, please do so, at your earliest convenience.

Director's Conduct

- 14.3 Pursuant to the Company Directors' Disqualification Act 1986, it is the Joint Administrators' and any subsequently appointed Liquidator's duty to submit a requisite report/form to the Department for Business, Innovations and Skills (formerly the Department for Business Enterprise and Regulatory Reform) concerning the directors' conduct.
- 14.4 The report/form must address all persons holding the position as director during the three years up to the date of the onset of insolvency. Please note that this is a standard requirement. Responses to creditors' questionnaires may prove extremely helpful concerning this.

If any creditor has any queries in relation to the above, please do not hesitate to contact either the Joint Administrators or the Administrator dealing with this matter, Richard Hunt on 020 7538 2222.

Dated this 12th day of August 2011



Simon Plant
Joint Administrator

Target Appointments Limited (In Administration)

Report to Creditors & Statement of Proposals

APPENDIX I

- **Statutory Information**

Target Appointments Limited – In Administration

Statutory Information As Reflected At Companies House

Company Number	02635162		
Date of Incorporation:	5 August 1991		
Previous Names:	N/A		
Nature of Business:	Labour recruitment		
Issued Share Capital.	Reginald Martin Roberts - 290 Ordinary A £1 shares Jennifer Elizabeth Calder Roberts - 200 Ordinary B £1 shares Reginald Martin Roberts - 200 Ordinary B £1 shares Ngarie Elizabeth Calder – 20 Ordinary A £1 shares Jennifer Elizabeth Calder Roberts – 290 Ordinary A £1 shares		
	Name	Appointed	Resigned
Director(s):	Reginald Martin Roberts	pre 05/08/1992	-
	Marian Philippa Barker	01/01/1996	09/06/2000
	Cynthia Mavis Fulks	19/06/2000	01/09/2003
	Nigel Rowe	06/03/2000	12/11/2004
Company Secretary.	Jennifer Elizabeth Calder Roberts	15/12/1993	-
	Andrea Catherine Waddell	pre 05/08/1992	15/12/1993
Current Registered Office:	9 Ensign House Admirals Way Marsh Wall Docklands London E14 9XQ		
Previous Registered Office:	Unit 44 City Business Centre Lower Road Canada Water London SE16 2XB		
Trading Addresses	Unit 44 City Business Centre Lower Road Canada Water London SE16 2XB		
Accountants	Mapperson Price 286a High Street Dorking Surrey RH4 1QT		

Schedule of Outstanding Mortgages or Charges:

Name	Type of Charge	Registered
Metropolitan Factors Limited *	Debenture	07/03/1998
Close Invoice Finance Limited	Charge on Non Vesting Book Debts and Floating Charge on all other Assets	19/06/2007

* It is understood that the Company transferred its facility from Metropolitan Factors Limited to Close Invoice Finance Limited and therefore, Metropolitan Factors Limited is no longer a creditor

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX II

- **Estimated Statement of Affairs as at 5 August 2011 / Creditors Details**

TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)
ESTIMATED STATEMENT OF AFFAIRS AS AT 5 AUGUST 2011

	Notes	Book Value £	Estimated to realise £
Assets (specifically pledged)			
Debtors	1	157,070	133,510
Less Close Invoice Finance Limited	1	<u>-133,477</u>	<u>-133,477</u>
Estimated surplus c/d		23,593	33
Assets (not specifically pledged)			
Sale of Business and Assets	2	20,000	20,000
Cash at Bank - RBS	3	1,500	1,500
Estimated total surplus available to creditors		<u>45,093</u>	21,533
LIABILITIES			
Employee claims - preferential element	4		<u>Uncertain</u>
Estimated surplus as regards unsecured creditors			21,533
UNSECURED CREDITORS			
HM Revenue & Customs - VAT / PAYE / NIC	5	-304,000	
Employee claims - unsecured element	6	Uncertain	
Trade & expense	7	<u>-1,110</u>	<u>-305,110</u>
Estimated deficiency as regards to creditors			<u><u>-283,577</u></u>

NB Subject to the costs and expenses of the Administration

Target Appointments Limited (in Administration) ("the Company")
Notes To Estimated Statement of Affairs as at 5 August 2011

1. The Company operated a finance facility with Close Invoice Finance Limited. A general bad debt provision of 15% has been applied to the sales ledger
2. The Joint Administrators have completed a sale of the Company's business and assets to Target Recruitment Solutions Limited for £20,000. The sale consideration is payable on a deferred basis. To date, the Joint Administrators have received completion funds of £2,500.
3. The Joint Administrators understand that there is a credit balance of circa £1,500 on the Company's account with The Royal Bank of Scotland
4. The preferential element of employee claims is currently uncertain
5. The Crown has lost its preferential status.
6. The unsecured element of employee claims is currently uncertain
7. The figure stated in the Statement of Affairs has been taken from the Company's records

S F P
Target Appointments Limited

Key	Name	Address	£
CA00	Almo Limited	Unit 16, Bermondsey Trading Estate, Rotherhithe New Road, London, SE16 3LL	21 00
CB00	Bluehill Limited	57 London Road, Enfield, Middlesex, EN2 6DU	250 00
CC00	Close Invoice Finance Limited	Ridgeland House, 165 Dyke Rd, Hove, BN3 1UY	0 00
CE00	Eden Springs Limited	Unit B, 3 Livingstone Boulevard, Hamilton Int Tech Park, Blantyre, G72 0BP	23 18
CE01	Extech Limited	Unit 5, Bridge Road Business Park, Haywards Heath, West Sussex, RH16 1TX	100 00
CE02	Eon	PO Box 7750, Nottingham, NG1 6WR	80 00
CH00	HM Revenue & Customs	Insolvency & Securities, 3rd Floor, Euston Tower, 286 Euston Road, London, NW1 3UQ	0 00
CH01	HM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4RS	0 00
CH02	HM Revenue & Customs	Insolvency Operations, Queens Dock, Liverpool, L74 4AF	0 00
CH03	HM Revenue & Customs	Room BP3202, Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	0 00
CN00	Network Voice & Data Limited	57 London Road, Enfield, Middlesex, EN2 6DU	62 54
CS00	Southwark Council	London Borough of Southwark, Business Rate, PO Box 68763, London, SE1P 4DJ	316 30
CT00	Telefonica UK Limited	260 Bath Road, Slough, Berkshire, SL1 4DX	237 50
CY00	Yell Limited	One Reading Central, Fortbury Road, Reading, RG1 3YL	19 20
EG00	Ms Michelle Gunerdem		0 00
EM00	Ms Jane McGrath		0 00
ER00	Mr Reginald Roberts		0 00
ER01	Ms Jennifer Roberts		0 00
EW00	Ms Lisa Whitehall		0 00
EW01	Ms Lucy Weston		0 00
RR00	Reginald Martin Roberts		0 00
			1,109.72

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX III

- **Joint Administrators Income and Expenditure Account to 5 August 2011**

Target Appointments Limited
(In Administration)

INCOME AND EXPENDITURE ACCOUNT

	Statement of affairs £	From 05/08/2011 To 05/08/2011 £
RECEIPTS		0 00
PAYMENTS		0 00
BALANCE - 05 August 2011		0.00

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX IV

- **Breakdown of the Joint Administrators Fees / Pre-Appointment Fees / Activity Codes**

TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 5 AUGUST 2011 TO 5 AUGUST 2011

CLASSIFICATION OF WORK FUNCTION										
	Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total		
Administration and Planning	4 00	-	-	-	0 20	1 60	7 20	0 70	1 10	14 80
Investigation	-	-	-	-	-	-	-	-	-	-
Realisation of assets	1 00	-	-	-	-	-	-	-	-	1 00
Trading	-	-	-	-	-	-	-	-	-	0 00
Creditors	-	-	-	0 20	-	-	0 30	-	-	0 50
Total hours	5 00	-	-	0 20	-	1 60	7 50	0 70	1 10	16 30
Average rate £ per hour	500 00	-	-	325 00	-	225 00	175 00	150 00	100 00	276 53
Total costs £	2,500 00	-	-	65 00	-	360 00	1,312 50	105 00	110 00	4,507 50

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff

TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PRE APPOINTMENT TO 5 AUGUST 2011

CLASSIFICATION OF WORK FUNCTION	Managing Partner	Partner	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Administration and Planning	-	-	-	-	-	0 90	1 70	2 60
Investigation	-	-	-	-	-	-	-	-
Realisation of assets	-	-	-	-	-	-	-	0 00
Trading	-	-	-	-	-	-	-	0 00
Creditors	-	-	-	-	-	-	-	0 00
<hr/>								
Total hours	-	-	-	-	-	0 90	1 70	2 60
Average rate £ per hour	-	-	-	-	-	175 00	100 00	125 96
Total costs £	-	-	-	-	-	157 50	170 00	327 50

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff

SIP 9 STANDARD ACTIVITY SUMMARIES

Standard Activity	Examples of Work
Administration and Planning	Case Planning Administrative set up Appointment and notification Maintenance of records Statutory reporting Estate accounting Schedule company books and records
Investigation	SIP 2 CDDA report Investigating antecedent transactions
Realisation of assets	Identifying, securing, insuring assets Retention of title Debt collection – pre and post appointment Property, business and asset sales Communication and negotiations with secured creditors
Trading	Planning Management of operation Communication/negotiation with suppliers Communication/negotiation with landlord Communication/negotiation with third parties Monitor goods outward/inwards Stock take On-going employee issues Travel
Creditors	Communication with creditors Creditor claims (including employees and other preferential creditors)

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX V

- **Breakdown of SFP Forensic Limited Fees**

TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 5 AUGUST 2011 TO 5 AUGUST 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Investigation	-	-	-	-	-	-	0 00
<hr/>							
Total hours	-	-	-	-	-	-	0 00
Average rate £ per hour	-	-	-	-	-	-	0 00
Total costs £	-	-	-	-	-	-	0 00
<hr/>							
Remuneration drawn on account							0 00

See Appendix for Summary Charge Out Rates for staff

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VI

- **Breakdown of SFP Property Limited Fees**

SFP



PROPERTY



TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 5 AUGUST 2011 TO 5 AUGUST 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Property Issues	0 80	-	-	-	-	-	0 80
Total hours	0 80	-	-	-	-	-	0 80
Average rate £ per hour	350 00	-	-	-	-	-	350 00
Total costs £	280 00	-	-	-	-	-	280 00
Remuneration drawn on account							0 00

See Appendix for Summary Charge Out Rates for staff

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VII

- **Breakdown of SFP Recoveries Limited Fees**

TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 5 AUGUST 2011 TO 5 AUGUST 2011

CLASSIFICATION OF WORK FUNCTION

	Managing Director	Senior Manager	Manager	Senior Administrator	Administrator	Assistant	Total
Debt Collection	-	-	-	8 00	-	-	8 30
Total hours	-	-	-	8 00	-	-	8 30
Average rate £ per hour	-	-	-	275 00	-	-	271 39
Total costs £	-	-	-	2,200 00	-	-	2,252 50

Remuneration drawn on account

0 00

See Appendix for Summary Charge Out Rates for staff

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX VIII

- **Breakdown of SFP Datastore Limited Fees**

SFP



DATASTORE

TARGET APPOINTMENTS LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME AND CHARGE OUT RATES FOR THE PERIOD 5 AUGUST 2014 TO 5 AUGUST 2015

CLASSIFICATION OF WORK FUNCTION

Boxing Up / Collection / Inventorising of Records

Total hours

Average rate £ per hour

Total costs £

Remuneration and disbursements drawn on account

See Appendix for Summary Charge Out Rates for staff

Disbursements Incurred		£
Expenses		
		0 00
Disbursements Incurred		0 00
Disbursements drawn on account		0 00

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX IX

- **Charge out Rates for SFP main practice and associates entities**

SFP



Charge out Rates for SFP main practice and associated entities

SFP and the Associated Entities remuneration is calculated on an hourly time cost basis, divided into 6 minute units calculated as follows

Main Practice		SFP Forensic Limited		SFP Property Limited		SFP Recoveries Limited	
Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr	Grade	Rate p/hr
Managing Partner	500	Managing Director	500	Managing Director	350	Managing Director	500
Partner 2	450	Senior Manager 2	350	Senior Manager 2	275	Senior Manager 2	350
Partner 1	400	Senior Manager 1	325	Senior Manager 1	250	Senior Manager 1	325
Senior Manager 2	350	Manager 2	300	Manager 2	225	Manager 2	300
Senior Manager 1	325	Manager 1	275	Manager 1	200	Manager 1	275
Manager 2	300	Senior Administrator 2	250	Senior Administrator 2	175	Senior Administrator 2	250
Manager 1	275	Senior Administrator 1	225	Senior Administrator 1	155	Senior Administrator 1	225
Senior Administrator 2	250	Administrator 2	175	Administrator 2	135	Administrator 2	175
Senior Administrator 1	225	Administrator 1	150	Administrator 1	115	Administrator 1	150
Administrator 2	175	Assistant	100	Assistant	100	Assistant	100
Administrator 1	150						
Assistant	100						

SFP Datastore Limited		
Grade	Rate p/hr	Retrieval Rates Guide
Storage Tasks (Retrieval and Collection)		Box Storage
		A4
		A3
Staff Costs	25	Transit Cases
Inventorising and Additional		Retrial costs from site
		Same Day Delivery (up to 10 items)
		Next Day Delivery (up to 10 items)
Staff Costs	75	Delivery to third party offices (up to 10 items / £1 50 per item thereafter)

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX X

- **Proof of Debt form**

PROOF OF DEBT - GENERAL FORM

**In the matter of Target Appointments Limited (in Administration)
and in the matter of the Insolvency Act 1986**

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration	£
4	Details of any document by reference to which the debt can be substantiated [Note the administrator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX XI

- **Guide to Administrators' Fees**



A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

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, explain 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:

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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 guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

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

The 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:

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- 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

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- 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 6.1 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.

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- 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

Target Appointments Limited (in Administration)

Report to Creditors & Statement of Proposals

APPENDIX XII

- **Form 2.21B**

2.21B

The Insolvency Act 1986

Creditor's request for a meeting

Name of Company
Target Appointments Limited

Company number
02635162

In the
High Courts of Justice
(full name of court)

Court case number
6897 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)
Target Appointments Limited

SFP
9 Ensign House, Admiral's Way
Marsh Wall
London E14 9XQ

(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)

concur with the above request, and I attach copies of their written confirmation of
concurrence

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

SATURDAY

A09
13/08/2011
COMPANIES HOUSE
203