

The Insolvency Act 1986

Statement of Administrators' proposals

Name of Company The Franking Machine Company Supplies Limited	Company number 02673780
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 3444 of 2012

We Paul Nicholas Dumbell
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Brian Green
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

attach a copy of our proposals in respect of the Administration of the above company

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

30 January 2013

Signed


Joint Administrators

Dated

30 January 2013

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 public record.

Harry Guthrie
KPMG LLP
St James' Square
Manchester
M2 6DS
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Tel +44 161 8384696
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DX Number DX 724620 Manchester 42

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE

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**The Franking Machine Company
Supplies Limited and The Franking
Machine Company Finance Limited
(both in Administration)**

**Statement of Proposals
Pursuant to Paragraph 49 of Schedule
B1 of the Insolvency Act 1986 & Rule
2.33 of the Insolvency Rules 1986
(both as amended)**

KPMG LLP

30 January 2013

This report contains 13 pages

Appendices contains 25 pages



*The Franking Machine Company Supplies Limited and The Franking Machine Company
Finance Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
Insolvency Rules 1986 (both as amended)
KPMG LLP
30 January 2013*

Notice: About this report

These Proposals have been prepared by Paul Dumbell and Brian Green, the Joint Administrators of The Franking Machine Company Supplies Limited and The Franking Machine Company Finance Limited, solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their Proposals for achieving the purposes of the Administration order, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These Proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in The Franking Machine Company Supplies Limited or The Franking Machine Company Finance Limited. Any estimated outcomes for creditors included in these Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these Proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

Paul Dumbell is authorised to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

Brian Green is authorised to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

The Joint Administrators act as agents for The Franking Machine Company Supplies Limited and The Franking Machine Company Finance Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these Proposals or the conduct of the Administrations.



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1 Glossary

Act	Insolvency Act 1986 (as amended)
Administration/Administrations	The Administration orders granted by the holder of a qualifying floating charge in respect of The Franking Machine Company Supplies Limited and The Franking Machine Company Finance Limited dated 7 December 2012. Court case numbers 3444 and 3445 of 2012
Agents	Edward Symmons LLP
Bank / RBS	Royal Bank of Scotland plc
Companies / FMC	The Franking Machine Company Supplies Limited and The Franking Machine Company Finance Limited (both in Administration)
Directors	Sam Reid and Simon Goodman
Finance	The Franking Machine Company Finance Limited (in Administration)
GSS	KPMG LLP Global Sustainability Services
Hotel	132-134 St Mary's Road, Garston, L19 2JG and 2-6 Seddon Road, Garston, L19 2LJ
Joint Administrators / Administrators	Paul Dumbell and Brian Green of KPMG LLP
KPMG	KPMG LLP
Newco / Limited	The Franking Machine Company Limited
Period	7 December 2012 to 11 January 2013
Premises	130 St Marys Road, Garston, Liverpool L19 2JG
Proposals	Joint Administrators' statement of Proposals in accordance with Paragraph 49 of Schedule B1 to the Act



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
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KPMG LLP
30 January 2013*

QFC	Qualifying Floating Charge
Rules	Insolvency Rules 1986
SSAS	Small Self Administered Scheme
SIP	Statement of Insolvency Practice
Solicitors	DLA Piper UK LLP
Supplies	The Franking Machine Company Supplies Limited (in Administration)
VAT	Value Added Tax



2 Executive Summary

- The Companies sell, lease and maintain franking machines as well as provide ancillary services such as the sale of ink and other consumables
- The Companies secured funding from the Bank based on the number of sales/lease agreements being made. In the last two years there has been a decrease in sales, particularly in the last 12 months, which has led to the Companies experiencing cash flow problems
- To preserve the value of the Companies' assets the Bank appointed Paul Dumbell and Brian Green as Joint Administrators of the Companies on 7 December 2012 under the terms of their QFC pursuant to Paragraph 14 of Schedule B1 to the Act
- Upon appointment the Joint Administrators reviewed the asset base of the Companies in order to assess the prospect of potential realisations
- Following this assessment the Companies are continuing to trade under the control of the Joint Administrators in order to stabilise the business and safeguard the assets of the Companies
- In addition, the Joint Administrators have entered into an arrangement with The Franking Machine Company Limited, the Directors' new company, in relation to ongoing maintenance contract renewals
- Based on the expected level of realisations, it is currently unlikely that a dividend will be available for unsecured creditors
- The most likely exit route for the Administration is to file for the Companies' dissolution under Paragraph 84 to the Act
- This document in its entirety constitutes the Joint Administrators' statement of Proposals. A summary list of the Proposals is shown in Section 13

Yours faithfully

P Dumbell

Joint Administrator



3 Introduction

Paul Dumbell and Brian Green of KPMG were appointed as Joint Administrators of the Companies on 7 December 2012 by the Bank, pursuant to Paragraph 14 of Schedule B1 to the Act

In accordance with Paragraph 100 (2) of Schedule B1 to the Act, the functions of the Joint Administrators are being exercised by any or both of the Joint Administrators

In accordance with Paragraph 49 of Schedule B1 to the Act, the Joint Administrators now set out their Proposals for achieving the purpose of the Administrations and for the conduct of the Administrations

These Proposals also include certain information required to be provided to creditors in accordance with Rule 2.33 of the Insolvency Rules 1986 (as amended)

The appropriate statutory information is set out in Appendix 1

4 Background

Supplies was incorporated on 23 December 1991, with Finance incorporated on 2 November 1993

Both Companies are jointly owned by the Directors, with each owning 50% of each company. The same two individuals are also directors of the Companies, Simon Goodman is also Company Secretary of the Companies

Supplies sources franking machines from third party suppliers, mainly Pitney Bowes, and can modify them according to customers' specifications. Some machines are sold directly to customers but most are sold to Finance when a customer signs up to an operating lease. At the date of appointment there were approximately 1,000 such customers, who all leased machines with 0-6.25 years remaining on the leases

Supplies also provides maintenance and ancillary services (e.g. ink and other consumables) to customers which provides an additional income stream for Supplies and operates a small hotel in the adjacent building and sublets part of the building to a dance studio

Finance historically pays a management charge to Supplies in respect of employee costs and other overheads

The Companies are standalone entities, with no subsidiaries and operate from leasehold premises in Garston, Liverpool (the property is owned by the pension scheme of the two Directors of the Companies). They had 23 employees prior to the appointment of Joint Administrators (including the Directors)



5 Events leading to the Joint Administrators' appointment

Historically the Companies secured funding from the Bank based on future rental income for the purpose of financing the business. Historical financial accounts indicate that the Companies traded profitably and generated significant cash returns.

However, following a decrease in sales levels in the last two years, and particularly in the last 12 months, the cash position of the Companies has deteriorated significantly such that the business faced a funding requirement. The fall in sales levels was a result of the Directors' decision not to pursue upgrades on the basis that the drawdown percentage available from the Bank was not sufficient to cover the related costs.

Due to the cash flow requirement and no viable solution to address the funding issue, the Bank exercised its right under the QFC in the debenture to appoint Paul Dumbell and Brian Green as Joint Administrators on 7 December 2012, pursuant to Paragraph 14 of the Act.

6 Purpose, initial strategy and progress of the Administration

6.1 Purpose of the Administration

Paragraph 3 (1) Schedule B1 of the Act states that the Administrator of a Company must perform his functions with the objective of

- a) rescuing the Company as a going concern, or
- b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up, or
- c) realising property in order to make a distribution to one or more secured or preferential creditors

The purpose of this Administration is to achieve a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration), pursuant to paragraph 3(1)(b) of schedule B1 to the Insolvency Act 1986.

6.2 Initial strategy and progress of the Administration

6.2.1 Trading

The Companies are continuing to trade under the control of the Joint Administrators in order to stabilise the business and safeguard the primary asset of the Companies: the future rental stream of the lease agreements held in Finance.



As there are a number of contracts where the Companies are contractually obliged to provide maintenance, the Joint Administrators strategy is to continue to trade the operation to preserve this income stream

Given the income stream will be received into Finance, any associated trading costs will be borne by Finance. Further, Supplies will levy a management charge against Finance for any costs that it incurs in relation to the ongoing trading of the Companies.

Although the Companies will collect monies due under existing leases, there will be no contract renewals or new sales made during the Administration. As such all sales staff were made redundant on appointment and the remaining staff continue to be employed in order to assist with the Joint Administrators' strategy. The hotel continued to trade until 9 December 2012 before the two employees were made redundant.

In addition to those staff already mentioned, the Directors, some of their family members and a part time accountant were made redundant as they were not required to assist with the Joint Administrators' strategy.

6.2.2 Newco

The Joint Administrators have entered into an arrangement with The Franking Machine Company Limited, the Directors' new company ('Newco'). The agreement was completed on 11 January 2013.

The agreement grants Newco gradual access over a 12 month period to the Companies' customer base such that they can carry out renewals on maintenance agreements, which have historically been provided by Supplies, and seek upgrades with Finance customers. In return they will pay a commission fee for acquiring the Companies' customers and will reimburse any settlement amounts due on existing rental contracts which they upgrade. Newco will also make a contribution towards the Companies' trading costs during the first 12 months.

This arrangement is intended to assist in stabilising the business, realise value for the Companies' existing customer base and provide a mechanism for accelerating the collection of future rentals via upgrades.

It should be noted that the Administrators may terminate this agreement if the Administrators receive a credible offer for all or part of the business of the Companies, or if they conclude it is necessary to do so in order to achieve the statutory purposes of the Administration.

Under the agreement, Newco has also acquired the Companies' internet domain names for £1, and settled an outstanding debt due to Supplies in relation to stock used by Newco (£7,890) prior to the Joint Administrators' appointment.

6.2.3 Leasehold premises

The Companies primarily trade from leasehold premises at 130 St Mary's Road, Garston, Liverpool.



A second leasehold property (the "Hotel") was also occupied by the Companies on appointment (132 – 134 St Mary's Road & 2 – 6 Seddon Road). This consists of a hotel, some unused floor space, a hotel, a dance studio and a small workshop used by the Companies as part of the primary trading activity. Rent is £8,625 per quarter, payable in advance on the usual rent quarters.

Both properties are owned by the Directors' SSAS pension scheme.

The Joint Administrators continue to occupy the Premises whilst the Companies continue to trade.

On 11 January 2013 the landlord of the Hotel accepted a formal surrender of the Hotel Lease from the Companies. However, the small workshop on the site of the Hotel is still currently required for the purposes of the Administration and so the Joint Administrators have agreed to occupy this workshop under licence from the landlord for a period of up to 12 months.

Further, on 11 January 2013 Newco agreed to occupy the top floor of the Premises under licence from the Joint Administrators, also for a period of up to one year.

The Agents were instructed to value both of the leases and have confirmed that there was £nil value in each of the agreements.

6.2.4 Books and Records

Upon appointment the Joint Administrators secured and located the Companies' books and records. As the Companies are continuing to trade the majority of books and records remain on site and will be collected in due course.

6.2.5 Stock and other assets

Stock is made up of older and newer franking machines, as well as a limited level of consumables. In addition the Companies own 11 vehicles, which are either company cars or leased to employees, and minimal fixtures and fittings, both in the Premises and Hotel.

The Agents have been instructed to value all stock, fixtures and fittings and all of the Companies' vehicles for the purpose of assessing potential realisations.

There may be restrictions when dealing with the assets leased to the employees. As such copies of the lease agreements have been located and sent to the Solicitors for their consideration.

The stock and vehicles will be disposed of in due course, in line with the finalised strategy.

6.2.6 Cost of realisations

Since 7 December 2012 the Joint Administrators have been engaged primarily in

- Reviewing the asset base of the Companies in order to assess the prospect of potential realisations,



- Formulation and implementation of an initial strategy to deal with the business and assets of the Companies within Administration,
- Analysing the viability of the Companies' different income streams in line with the Joint Administrators objectives and strategy,
- Trading the business with a view to continuing the lease agreements in place with customers and maximising realisations,
- Negotiating, preparing, agreeing and overseeing the agreement with Newco,
- Discussions with the landlord of the Premises and Hotel with regard to the ongoing occupation of the Premises and the surrender of the Hotel,
- Liaising with KPMG LLP GSS (Health, Safety and Environment) team and implementing their recommendations,
- Reporting to secured and unsecured creditors,
- Dealing with employee matters and claims,
- Correspondence with trade creditors, and
- Statutory issues associated with the Administration

7 Joint Administrators' remuneration

In the case of Finance the Joint Administrators' time costs to 11 January 2013 are £82,908, representing 278 hours at an average hourly rate of £299

In the case of Supplies the Joint Administrators' time costs to 11 January 2013 are £68,450, representing 238 hours at an average hourly rate of £288

The majority of Joint Administrators' time costs to date have been spent on dealing with the appointments and related formalities, creditor correspondence, sale of business / the Newco trading agreement and the collection of lease rental debts as they fall due

These costs include work undertaken by GSS, pension, tax and VAT specialists to carry out assessments of the Companies' position. An analysis of the Joint Administrators' time costs in accordance with the provisions of SIP 9 is attached at Appendix 3

The statutory provisions relating to Administrators' remuneration are set out in Rule 2.106 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which can be obtained at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

However if you are unable to access this guide and would like a paper copy, please contact Harry Guthrie on 0161 838 4696

The Joint Administrators will seek to draw remuneration on the basis of time properly given by them and their staff in dealing with matters arising in the Administration at their normal hourly rate of charging (as detailed in Appendix 4)



In accordance with Rule 52(1) (b) of the Rules the Joint Administrators do not intend to hold a meeting of creditors and will instead seek approval for the payment of the their fees and expenses from the secured and preferential creditors

Attached at Appendices 3 and 4 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out to 11 January 2013 in accordance with SIP 9

8 Receipts and payments to 11 January 2013

As detailed in section 6.2.1 the majority of income within the Administrations is expected to relate to the collection of lease rentals. As all lease agreements are held by Finance, this income will be recognised in the Administration of Finance. Subsequently all related costs and expenses will be recognised as expenses or costs of Finance.

8.1 Receipts

8.1.1 Machine rentals

Net machine rentals of £75,878 were received in the Period. All of these rental payments have been received into the Companies' pre-Administration bank accounts. As such the Bank has agreed to transfer these receipts to the post-Administration accounts in due course.

8.1.2 Maintenance

Net maintenance income of £4,059 was received in the Period. All of this income has been received into the Companies' pre-Administration bank accounts. As such the Bank has agreed to transfer these receipts to the post-Administration accounts in due course.

8.1.3 Book debts

Book debts of £11,509 were received in the Period in relation to Supplies. Further, book debts of £600 were received in the Period in relation to Finance. All of these book debts have been received into the Companies' pre-Administration bank accounts. As such the Bank has agreed to transfer these receipts to the post-Administration accounts in due course.

8.1.4 Hotel receipts

For practical reasons the hotel business continued to trade for the first three days of the Period before being closed on 9 December 2012. During this time the business generated net receipts of £104 (gross receipts of £125).

8.2 Payments

8.2.1 Payroll

Supplies paid net wages of £17,322 and associated payroll processing costs of £168 in the Period. As the wages paid were a trading cost and were originally paid from a pre-appointment bank account, the cash will be transferred to this account from Finance in



due course Further, Finance will also reimburse Supplies for the payroll processing costs in due course

8.2.2 Petty cash

Supplies released £1,000 in petty cash to the business in the Period The petty cash is to be utilised to cover general day to day trading expenses of the Companies £796 of this amount has been spent in the period on fuel required by engineers to be able to attend customer sites Upon closing the hotel business, the remaining cash of £27 was transferred into petty cash

Petty cash will be reallocated within the receipts and payments account once it has been used by the business Any petty cash that relates to trading costs will be reimbursed by Finance to Supplies in due course.

8.2.3 Bank charges

Supplies paid bank charges of £20 in the Period These related to trading costs and so Finance will reimburse Supplies for these costs in due course

8.2.4 Hotel payments

During the time that the hotel business traded £98 of expenses were incurred The remaining cash was then transferred into petty cash (see above)

9 Other matters

The EC Regulation on Insolvency Proceedings 2000 will apply in these matters and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation The Companies' registered office and centre of main interests are in the United Kingdom

As the Bank's floating charges in relation to both Companies were created and registered in 2002 the prescribed part does not apply in these matters

10 Statement of affairs

Statement of affairs for each of the Companies have been prepared by the Directors A copy of the statements are attached at Appendix 5 and a copy has been filed with the Registrar of Companies

It should be noted that the figures provided are the Directors and the Joint Administrators are not responsible for their factual accuracy



11 Creditors

11.1 Secured creditors

The Bank holds a number of valid debentures over the Companies with the first one dated July 2002 containing fixed and floating charges

The Bank's indebtedness at the date of appointment totalled approximately £3.8 million and it is currently anticipated that the secured creditor will not be repaid in full

11.2 Preferential creditors

Subject to TUPE considerations, there are expected to be minimal preferential creditors, relating only to the one week of arrears of pay and holiday pay due to the 12 employees made redundant on the date of appointment

11.3 Unsecured creditors

Based on current forecasts it is unlikely that there will be a dividend available for unsecured creditors of either of the two Companies

12 Creditors' meeting

The Joint Administrators consider that the Companies have insufficient property to enable a distribution to the unsecured creditors. Consequently the Joint Administrators do not propose to hold an initial creditors' meeting in accordance with Paragraph 52 (1) (b) of Schedule B1 to the Act in respect of either of the two Companies

The Joint Administrators are, however, required to summon an initial creditors' meeting if it is requested

- by creditors of a Company whose debts amount to at least 10% of the total debts of the Company,
- in the prescribed manner (detailed below), and
- in the prescribed period (detailed below).

If the Joint Administrators are not requested to call a meeting within eight business days of this report, the Proposals will be deemed to have been accepted (excluding Proposals relating to the Joint Administrators' remuneration)

A request for an initial meeting of creditors must be made in writing to the Joint Administrators and include

- a list of the creditors concurring with the request, showing the amounts of their respective debts in the Administration;



- from each creditor concurring, written confirmation of his / her concurrence, and
- a statement of the purpose of the proposed meeting

If no creditors' meeting is held, the Joint Administrators' Proposals will be deemed approved under rule 2.33(5) of the Insolvency Rules 1986

13 Joint Administrators' Proposals

The Joint Administrators propose the following

This document in its entirety constitutes the Joint Administrators' Proposals in accordance with Paragraph 49. However, in summary, the Joint Administrators propose the following

- to continue to do all such things reasonably expedient and generally exercise all their powers as contained in Schedule B1 to the Act as Joint Administrators as they, in their absolute discretion, consider desirable in order to maximise realisations from the assets of the Companies,
- to investigate and, if appropriate, pursue any claims the Companies may have,
- to seek an extension to the Administration periods if deemed necessary by the Joint Administrators pursuant to Paragraph 76 of Schedule B1 to the Act,
- to seek, if appropriate, any directions from the Court,
- when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, to take the necessary steps to move either / both of Companies from Administration to dissolution, pursuant to Paragraph 84 of Schedule B1 to the Act,
- that if issues arise which could better be dealt with in liquidation, the Joint Administrators take the necessary steps to move either / both of the Companies into creditors' voluntary liquidation pursuant to Paragraph 83 of Schedule B1 to the Act,
- if creditors' voluntary liquidation is deemed appropriate, the Joint Administrators will seek the appointment of Paul Dumbell and Brian Green of KPMG LLP as Joint Liquidators of the Companies without any further recourse to creditors. In accordance with Paragraph 83 (7) of Schedule B1 to the Act and Rule 2.117 (3) of the Rules (as amended), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the Proposals and before the Proposals are approved, and
- in the event that Paul Dumbell and Brian Green are appointed Joint Liquidators then they will be allowed to act jointly and severally

The following are a summary of Proposals that are not subject to deemed approval

- the Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Act immediately upon their appointment as Joint Administrators ceasing to have effect,



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KPMG LLP
30 January 2013*

- that in the event that no creditors' committee is formed, the Joint Administrators will seek approval from the secured and preferential creditors that they be authorised to draw fees on account from the assets of the Companies from time to time during the period of the Administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. In the event that Paul Dumbell and Brian Green be appointed Joint Liquidators then they will be able to draw fees on the same basis as the Joint Administrators as agreed by the Companies' creditors,
- that the costs of KPMG LLP in respect of GSS, pension, tax and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Companies, and
- that the Joint Administrators will be authorised to draw disbursements from time to time to include category 2 disbursements. A Schedule of such expenses incurred by the Joint Administrators to 11 January 2013 is included at Appendix 3.

This concludes the Joint Administrators' Proposals. Should any creditor require further information please contact Harry Guthrie on 0161 838 4696



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*Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
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KPMG LLP
30 January 2013

Appendix 1

Statutory information

Company name	The Franking Machine Company Supplies Limited
Company registration number	02673780
Date of incorporation	23/12/1991
Previous registered office	43 Castle Street Liverpool L2 9TL
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Issued share capital	2 Ordinary Shares
Members	Mr Samuel Herbert Reid Mr Simon Goodman
Directors	Mr Samuel Herbert Reid Mr Simon Goodman
Company secretary	Mr Simon Goodman
Employees	23



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KPMG LLP
30 January 2013

Company name	The Franking Machine Company Finance Limited
Company registration number	02868280
Date of incorporation	02/11/1993
Previous registered office	130 St Marys Road Garston Liverpool L19 2JG
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Issued share capital	2 Ordinary Shares
Members	Mr Samuel Herbert Reid Mr Simon Goodman
Directors	Mr Samuel Herbert Reid Mr Simon Goodman
Company secretary	Mr Simon Goodman
Employees	-



The Franking Machine Company Supplies Limited and The Franking Machine Finance Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)
KPMG LLP
 30 January 2013

Appendix 2

Joint Administrators' receipts and payments account to 11 January 2013

The Franking Machine Company Supplies Limited (In Administration) Administrators' Trading Account To 11/01/2013		
S of A £	£	£
POST-APPOINTMENT SALES		
Hotel Income	104 17	104 17
PURCHASES		
Hotel Purchases	98 00	(98 00)
TRADING EXPENSES		
Sub contractors - Finance to reimburse	167 50	
Petty cash - Finance to reimburse	1,027 00	(1 194 50)
TRADING SURPLUS/(DEFICIT)		(1,188.33)



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Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)
KPMG LLP
30 January 2013

The Franking Machine Company Supplies Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 07/12/2012 To 11/01/2013	From 07/12/2012 To 11/01/2013
OTHER REALISATIONS		
Trading Surplus/(Deficit)	(1 188.33)	(1 188.33)
	(1 188.33)	(1 188.33)
COST OF REALISATIONS		
Bank charges	20.00	20.00
	(20.00)	(20.00)
	<u>(1,208.33)</u>	<u>(1,208.33)</u>
REPRESENTED BY:		
Floating ch VAT rec'able		33.50
Floating charge current2		(1,221.00)
Floating ch VAT payable		(20.83)
		<u>(1,208.33)</u>

Note

Paul Nicholas Dumbell
Administrator



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KPMG LLP
30 January 2013

**The Franking Machine Company Finance Limited
(In Administration)
Administrators' Abstract of Receipts & Payments
To 11/01/2013**

S of A £	£	£
		NIL
REPRESENTED BY		NIL

Note

Paul Nicholas Dumbell
Administrator



Appendix 3

Analysis of Joint Administrators' time costs and disbursements for the period 7 December 2012 to 11 January 2013

The Franking Machine Company Finance Limited

Reporting period: 07 December 2012 to 11 January 2013

SIP 9 Compliant fees worksheet

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Trading							
Asset Realisation							
Health & safety		0 60			0 60	£219 00	£365 00
Cashiering							
General (Cashiering)			0 20		0 20	£37 00	£185 00
Employees							
Pensions reviews			0 30		0 30	£75 00	£250 00
Tax							
Initial reviews - CT and VAT	2 00	3 55			5 55	£2,265 75	£408 24
Post appointment corporation tax		1 50			1 50	£547 50	£365 00
Post appointment VAT		0 70			0 70	£255 50	£365 00
Trading							
Cash & profit projections & strategy		3 00	7 00		10 00	£2,845 00	£284 50
Purchases and trading costs			6 20		6 20	£1,550 00	£250 00
Administration & planning							
Bankrupt/Director/Member							
Notification of appointment			2 70		2 70	£675 00	£250 00
General							
Books and records		10 50	11 00		21 50	£7,475 00	£347 67
Fees and WIP				0 80	0 80	£92 00	£115 00
Statutory and compliance							
Appointment and related formalities	3 50	5 00	28 50		37 00	£10,296 50	£278 28
Bonding and bordereau		1 00		0 50	1 50	£422 50	£281 67
Checklist & reviews		2 50	5 00		7 50	£2,290 00	£305 33
Statutory advertising			0 20		0 20	£50 00	£250 00
Strategy documents		5 00	3 90		8 90	£2,800 00	£314 61
Creditors							
Creditors and claims							
General correspondence			46 50		46 50	£8,602 50	£185 00
Notification of appointment		1 00	0 80		1 80	£565 00	£313 89
Investigation							
Directors							
Correspondence with directors			1 20		1 20	£300 00	£250 00
Investigations							
Review of pre-appt transactions		2 00			2 00	£730 00	£365 00



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
Company Limited (both in Administration)*
*Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
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KPMG LLP
30 January 2013

Realisation of assets

Asset Realisation

Debtors	34 50	37 60	72 10	£21,992 50	£305 03		
Leasehold property		2 00	2 00	£500 00	£250 00		
Other assets	6 00		6 00	£2,910 00	£485 00		
Sale of business	7 50	16 00	26 80	£10,302 50	£384 42		
Stock and WIP	14 00		14 00	£5,110 00	£365 00		
Total in period	19 00	100 85	156 40	1 30	277 55	£82,908 25	£298 71

**Fees
drawn**

Hours/Costs to date

B/f	0 00	0 00	£0 00	£0 00
In the period	0 00	277 55	£82,908 25	£298 71
C/f	0 00	277 55	£82,908 25	£298 71

Notes

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



The Franking Machine Company Supplies Limited and The Franking Machine Finance Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)
KPMG LLP
 30 January 2013

The Franking Machine Company Supplies Limited

Reporting period:

07 December 2012 to 11 January 2013

SIP 9 Compliant fees worksheet

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Trading							
Asset Realisation							
Health & safety		0 60			0 60	£219 00	£365 00
Cashiering							
General (Cashiering)			6 80		6 80	£1,570 00	£230 88
Employees							
Correspondence		11 50			11 50	£4,197 50	£365 00
DTI redundancy payments service			12 00		12 00	£3,000 00	£250 00
Pensions reviews			1 70		1 70	£334 00	£196 47
Tax							
Initial reviews - CT and VAT	2 00	3 25			5 25	£2,156 25	£410 71
Post appointment corporation tax		1 50			1 50	£547 50	£365 00
Post appointment VAT		1 00			1 00	£365 00	£365 00
Trading							
Cash & profit projections & strategy			2 30		2 30	£575 00	£250 00
Purchases and trading costs			10 50		10 50	£2,625 00	£250 00
Administration & planning							
Bankrupt/Director/Member							
Notification of appointment			2 10		2 10	£525 00	£250 00
General							
Books and records		8 50			8 50	£3,825 00	£450 00
Fees and WIP				0 80	0 80	£92 00	£115 00
Statutory and compliance							
Appointment and related formalities	6 00	5 00	29 50		40 50	£11,933 00	£294 64
Bonding and bordereau		1 00		0 50	1 50	£422 50	£281 67
Checklist & reviews		2 50	5 50		8 00	£2,350 00	£293 75
Pre-appointment checks			0 60		0 60	£111 00	£185 00
Statutory advertising			0 20		0 20	£50 00	£250 00
Strategy documents			3 30		3 30	£825 00	£250 00
Creditors							
Creditors and claims							
General correspondence			54 00		54 00	£9,990 00	£185 00
Notification of appointment		1 00	0 80		1 80	£565 00	£313 89
Investigation							
Directors							
Correspondence with directors			1 20		1 20	£300 00	£250 00
Realisation of assets							
Asset Realisation							
Debtors		21 00	12 50		33 50	£10,790 00	£322 09
Leasehold property		4 50	8 40		12 90	£3,742 50	£290 12
Other assets	5 00				5 00	£2,425 00	£485 00



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KPMG LLP
30 January 2013

Sale of business	7 50	3 50			11 00	£4,915 00	£446 82
Total in period	20 50	64 85	151 40	1 30	238 05	£68,450 25	£287 55

Fees drawn		Hours/Costs to date		
B/f	0 00	0 00	£0 00	£0 00
In the period	0 00	238 05	£68,450 25	£287 55
C/f	0 00	238 05	£68,450 25	£287 55

Notes

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



The Franking Machine Company Finance Limited

Expenses - Category 1	£
Meals	109 67
Professional and legal fees	170 00
Travel costs	7 20
Grand Total	286 87

Expenses - Category 2	£
Mileage tax-free	1,037 71
Grand Total	1,037 71

Total expenses £1,324 58

The Franking Machine Company Supplies Limited

Expenses - Category 1	£
Meals	25.67
Travel costs	10 41
Grand Total	36 08

Expenses - Category 2	£
Mileage tax-free	49 40
Grand Total	49 40

Total expenses £85 48

KPMG Restructuring policy for the recovery of disbursements

Where funds permit, the office holder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses and equivalent costs reimbursed to the office holder or his or her staff

Category 2 disbursements These are costs that are directly referable to the



appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

The only category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle – Rate (First 10,000 miles) = 45p/mile, (exceeding 10,000 miles) = 25p/mile

Use of company car – 10-26p per mile

Use of partner's car – 10-26p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate.



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Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
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KPMG LLP
30 January 2013*

Appendix 4

Chargeable rates from 1 October 2012

Grade	Rate per hour (£)
Partner	565
Associate partner	485
Director	485
Senior manager	450
Manager	365
Assistant manager	250
Assistant	185
Support	115



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
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*Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
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KPMG LLP
30 January 2013

Appendix 5

Statement of affairs

Rule 2.29

Form 2.14B

Statement of affairs

Name of Company The Franking Machine Company Finance Limited	Company number 02868280
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 3445 of 2012

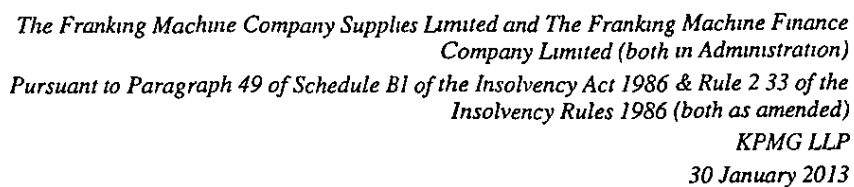
Statement as to the affairs of The Franking Machine Company Finance Limited, KPMG
LLP, St James Square, Manchester, M2 6DS

On the 7 December 2012, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete
statement of the affairs of the above named company as at 7 December 2012 the date that
the company entered administration

Full name	SIMON SUGGIAN
Signed	
Dated	11/13



Assets

See Notice About this Report All rights reserved



A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£ 6,000,000
Liabilities	£
Preferential creditors -	£ 30,500
Estimated deficiency/surplus as regards preferential creditors	£ 5,969,500
Estimated prescribed part of net property where applicable (to carry forward)	£
Estimated total assets available for floating charge holders	£ 5,969,500
Debts secured by floating charges	£ 3,755,000
Estimated deficiency/surplus of assets after floating charges	£ 2,214,500
Estimated prescribed part of net property where applicable (brought down)	£ 2,428,500
Total assets available to unsecured creditors	£ (214,000)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£ (214,000)
Shortfall to floating charge holders (brought down)	£ 2
Estimated deficiency/surplus as regards creditors	£ (214,000)
Issued and called up capital	£ 2
Estimated total deficiency/surplus as regards members	£ (214,002)

Signature S Date 1/1/13



The Franking Machine Company Supplies Limited and The Franking Machine Finance Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)
KPMG LLP
30 January 2013

COMPANY CREDITORS

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

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Plaf Finance		30,500			
Unice Finance		1,260,000			
HML		418,000			
FMC Ltd		500,000			
FMC Suppliers		220,000			
EBB		375,000			

Signature S Date 1/1/13



The Franking Machine Company Supplies Limited and The Franking Machine Finance
Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
Insolvency Rules 1986 (both as amended)

KPMG LLP
30 January 2013

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
S RCO	35 The Downs AUTUMHAM		1	
S Soudrian	14 Queens Drive LIMEFOUL		1	
TOTALS				

Signature S Date 1/1/13



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
Company Limited (both in Administration)*
*Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
Insolvency Rules 1986 (both as amended)*
KPMG LLP
30 January 2013

Form 2.15B

Rule 2.29

Statement of Concurrence

Name of Company The Franking Machine Company Finance Limited	Company number 02868280
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 3445 of 2012

With regards to the Statement of Affairs of
The Franking Machine Company Finance Limited
(‘the company’)

made on 1 January 2013

by Simon Goodman
Statement of Truth


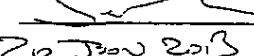
I Sam Reid, 39 The Downs, Altrincham, Cheshire, WA14 2QG

concur with the Statement of Affairs of the above company and I believe that the facts stated in the
Statement of Affairs are a full, true and complete statement of the affairs of the company on the date
that it entered administration

Full name

Signed

Dated



20 Jan 2013



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
Company Limited (both in Administration)*
*Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
Insolvency Rules 1986 (both as amended)*
KPMG LLP
30 January 2013

Rule 2.29

Form 2.14B

Statement of affairs

Name of Company The Franking Machine Company Supplies Limited	Company number 02673780
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 3444 of 2012

Statement as to the affairs of The Franking Machine Company Supplies Limited, KPMG
LLP, St James Square, Manchester, M2 6DS

On the 7 December 2012, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete
statement of the affairs of the above named company as at 7 December 2012 the date that
the company entered administration

Full name Simon Goodman
Signed [Signature]
Dated 11/1/13



The Franking Machine Company Supplies Limited and The Franking Machine Finance Company Limited (both in Administration)

Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)

KPMG LLP

30 January 2013

A – Summary of Assets

Assets

Assets subject to fixed charge

NOV FIXED
SEE BELOW FLOATING

Assets subject to floating charge

PLANT + MACH
DEBENTURE TO FMC FINANCE LTD
TRADE DEBTORS
STOCK
BANK CASH
NET INTERESTS

Uncharged assets

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
17,500	1,000
72000	10,000
25,000	10,000
18,000	18,000
220,000	220,000
NIL	NIL
352,500	259,000

Signature S Date _____

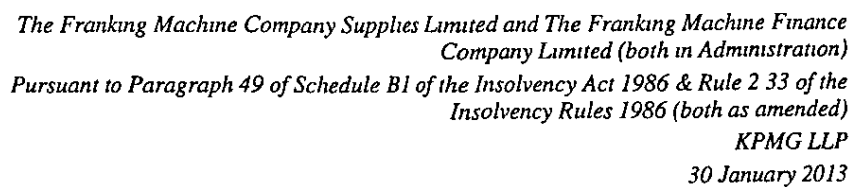


The Franking Machine Company Supplies Limited and The Franking Machine Finance Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)
KPMG LLP
30 January 2013

A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£ 259,000
Liabilities	£
Preferential creditors -	63,500
Estimated deficiency/surplus as regards preferential creditors	£
Estimated prescribed part of net property where applicable (to carry forward)	£ 195,500
Estimated total assets available for floating charge holders	£
Debts secured by floating charges	£ 195,500
Estimated deficiency/surplus of assets after floating charges	£
Estimated prescribed part of net property where applicable (brought down)	£ 195,500
Total assets available to unsecured creditors	£
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 959,605
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£
Shortfall to floating charge holders (brought down)	£ (764,105)
Estimated deficiency/surplus as regards creditors	£ (764,105)
Issued and called up capital	£ 1000
Estimated total deficiency/surplus as regards members	£ (765,105)

Signature S Date 1/1/13



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

[illegible]

Signature _____ Date 1/1/13



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the
Insolvency Rules 1986 (both as amended)*

KPMG LLP

30 January 2013

TRADE CREDITORS

FEDEX	1645
ARNOLD CLARK	422
BEC	938
VEOILA	191
CNG	1060
CREDITSAFE	135
DMG	180
POWWOW	17
DSG	12180
EON	485
DAISY	439
HILL DICK	2887
HOME2OFFICE	42
MAIL SOLUTIONS	2412
LYNBROOK	1135
Fmc ltd	25964
SCOTISH POWER	113
MERSEY TOWEL	1352
NAVMAN	338
UNITED UTILS	222
OPUS	579
PREMIER INN	79
RBS MENTOR	328
SAGE	1270
STREAMLINE	143
RIGHTFUEL	1989
VIKING	1033
RBS WORLDPAY	27
	57605

S

1/1/13



The Franking Machine Company Supplies Limited and The Franking Machine Finance Company Limited (both in Administration)
Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 & Rule 2.33 of the Insolvency Rules 1986 (both as amended)
KPMG LLP
30 January 2013

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
SAM BELL	37 THE DOORS ALTHAM WAY 200		500	
SIMON GOODMAN	14 GUYER DRIVE CUMBERGON		500	
TOTALS				

Signature S Date 1/1/13



*The Franking Machine Company Supplies Limited and The Franking Machine Finance
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KPMG LLP
30 January 2013

Form 2.15B

Rule 2.29

Statement of Concurrence

Name of Company The Franking Machine Company Supplies Limited	Company number 02673780
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 3444 of 2012

With regards to the Statement of Affairs of
The Franking Machine Company Supplies Limited
(the company")

made on 1 January 2013

by Simon Goodman
Statement of Truth

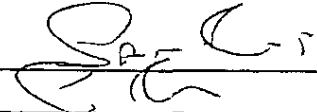
I Sam Reid, 39 The Downs, Altrincham, Cheshire, WA14 2QG

concur with the Statement of Affairs of the above company and I believe that the facts stated in the
Statement of Affairs are a full, true and complete statement of the affairs of the company on the date
that it entered administration

Full name

Signed

Dated



20 Jan 2013