

The Insolvency Act 1986

Administrators' progress report

Name of Company

The Franking Machine Company Supplies Limited

Company number

02673780

In the
Manchester District Registry

{full name of court}

Court case number

3444 of 2012

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

We (a)

Paul Nicholas Dumbell
KPMG LLP
St James' Square
Manchester
M2 6DSBrian Green
KPMG LLP
St James' Square
Manchester
M2 6DS

Joint Administrators of the above company attach a progress report for the period

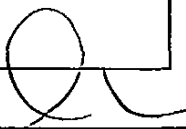
(b) Insert dates from

to

(b) 7 June 2013

(b) 18 October 2013

Signed


Joint Administrator

Dated

4 November 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 searchers of the public record.

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

**Progress Report
for period 7 June 2013 to 18
October 2013**

KPMG LLP

4 November 2013

This report contains 18 pages

Appendices contains 17 pages

PD/LOA



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

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KPMG LLP

4 November 2013

Notice: About this Report

This Report has 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 to report to creditors under the Insolvency Rules 1986 on the progress of the Administrations, 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.

This Report has not been prepared in contemplation of it being used, and is 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 and The Franking Machine Company Finance Limited or other companies in the same group.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report, for any purpose or in any context other than under the Insolvency Rules 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 this Report to any such person.

Paul Dumbell and Brian Green are authorised to act as insolvency practitioners by Institute of Chartered Accountants of 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 this Report or the conduct of the Administrations.



*The Franking Machine Company Supplies Limited and The Franking Machine Company
Finance Limited (both in Administration)
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KPMG LLP
4 November 2013*

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Appendices

1	Statutory information
2	Joint Administrators' Receipts and Payments accounts for the period 7 June 2013 to 18 October 2013
3	Analysis of Joint Administrators' time costs for the period 7 June 2013 to 18 October 2013
4	Chargeable rates from 1 October 2012 to 30 September 2013 and from 1 October 2013
5	Schedule of expenses for the period 7 June 2013 to 18 October 2013



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 respectively
Agents	Edward Symmons LLP
Agreement	The agreement between the Companies and Newco, dated 11 January 2013
BACS	Bankers' Automated Clearing Services
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	Samuel Herbert Reid and Simon Goodman
Finance	The Franking Machine Company Finance Limited (in Administration)
Freeth	Freeth Cartwright LLP
GSS	KPMG LLP Global Sustainability Services
Hotel	132-134 St Mary's Road, Garston, L19 2JG and 2-6 Seddon Road, Garston, L19 2LJ
JB Leitch	JB Leitch LLP
Joint Administrators	Paul Dumbell and Brian Green of KPMG LLP
KPMG	KPMG LLP
Newco / Limited	The Franking Machine Company Limited
Period	7 June 2013 to 18 October 2013



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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
Purchaser	F P Mailing (North West) Limited, trading as "The Mailing Room"
Sale	Sale and purchase agreement for the business and assets of Finance and Supplies respectively, dated 2 September 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

The references in this report to sections, paragraphs or rules are to the Act, Schedule B1 of the Act and the Rules respectively

All values discussed in this report are net of VAT unless stated otherwise



2 Executive Summary

- This progress report covers the appointment of Paul Dumbell and Brian Green of KPMG LLP (the "Joint Administrators") from 7 June 2013 to 18 October 2013 (the "Period")
- The Joint Administrators' Statement of Proposals was deemed to have been approved on 13 February 2013 and have not been modified
- The Companies sold, leased and maintained franking machines as well as provided 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 two years prior to insolvency there had been a decrease in sales, particularly in the last 12 months, which 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 continued to trade under the control of the Joint Administrators in order to stabilise the business and safeguard assets
- In addition, the Joint Administrators entered into an interim arrangement with The Franking Machine Company Limited, the Directors' new company, in relation to ongoing maintenance contract renewals
- Upon the expiration of the restriction on marketing the business and assets, on 11 April 2013, the Joint Administrators commenced a marketing process in respect of the business, contacting a number of other operators in the UK franking machine industry
- Following the marketing process the majority of assets and business and Supplies and Finance were sold to F P Mailing (North West) Limited, trading as the Mailing Room, on 2 September 2013
- Based on the expected level of realisations, it is currently unlikely that a dividend will be available for unsecured creditors

Yours faithfully

Paul Dumbell
Joint Administrator



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3 Statement of Proposals

Paul Dumbell and Brian Green of KPMG were appointed as Joint Administrators of the Companies on 7 December 2012 by the Bank, under its QFC, 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 set out their Proposals for achieving the purpose of the Administrations and for the conduct of the Administrations in the report dated and circulated to all known creditors on 30 January 2013

Subsequently, in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, a meeting of creditors was not convened and one was not subsequently requested

As a result, the Statement of Proposals, as circulated, was deemed to have been approved on 13 February 2013 pursuant to Rule 2.33(5A) of the Rules, with the exception of any proposals in relation to the Joint Administrators' fees, disbursements or discharge of liability

4 Progress to date

4.1 Ongoing trade

The Companies traded 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

Given that the income stream was due to and received into Finance, any associated trading costs were 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

Following appointment trading progressed positively, with a high proportion of invoices, raised between January and September 2013, being paid at the date of this report

The Companies ceased to trade on 2 September 2013.

4.2 Newco

The Joint Administrators entered into an arrangement with The Franking Machine Company Limited, the Directors' new company ('Newco') (the "Agreement") on 11 January 2013



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The Agreement was designed to grant Newco gradual access, over a 12 month period, to the Supplies customer base, to give Newco the opportunity to carry out renewals on maintenance agreements which were historically provided by Supplies. In addition Newco had the opportunity to seek lease upgrades with Finance's customers. In return Newco would pay a commission fee for acquiring the Companies' customers and would reimburse Finance any settlement amounts due on existing rental contracts when a customer upgraded. Newco would also make a contribution towards the Companies' trading costs during this 12 month period.

This arrangement was entered into with the intention of stabilising the business, realising value for the Companies' existing customer base and to provide a mechanism for accelerating the collection of future rentals via upgrades.

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

The Agreement was terminated on 2 September 2013, as the Joint Administrators concluded it necessary to do so in order to achieve the statutory purposes of the Administrations.

4.3 Employees

As previously detailed, although the Companies continued to collect monies due under existing leases, no contract renewals or new sales were made during the Administrations. As such, all sales staff were made redundant on appointment and the remaining staff continued to be employed in order to assist with the Joint Administrators' strategy. The hotel continued to trade until 9 December 2012 before its only 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.

Of the 11 staff originally retained, two employees were made redundant on 11 March 2013 (the Operations Manager and a member of the finance team) and a further employee on 1 May 2013 (an engineer).

Further, in mid-March we received resignation letters from three of the engineers and two of the finance staff. Each of these employees had been offered positions with Newco and in turn accepted these positions.

Following the resignation of the aforementioned employees, the Companies continued to trade using its three remaining employees (an engineer, one finance assistant and a cleaner) and a part time sub-contractor, up to the 2 September 2013. At this date the three remaining employees were made redundant and the sub-contractor informed that his services were no longer required by the Companies.



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4.4 Sale of business

A condition detailed in the Agreement with Newco was that the business and assets could not be actively marketed within the first three months of the Agreement period, although we were not prohibited from speaking with any party that contacted us

During this three-month period we were contacted by a number of parties and held preliminary conversations around their potential interest. However, in keeping with the Agreement, no information was shared with these parties

Following the expiration of the restriction on marketing the business and assets on 11 April 2013, we commenced a programme of contacting a number of the other Royal Mail accredited operators in the UK franking machine industry

An online dataroom was set up, with access granted to any interested parties on receipt of a signed non-disclosure agreement

Indicative offers were received from four interest parties and subsequently, following a detailed assessment of these offers by the Joint Administrators, heads of terms were agreed with F P Mailing (North West) Limited, trading as The Mailing Room (the "Purchaser") on 6 August 2013

As part of these heads of terms a period of exclusivity was granted to the Purchaser. This enabled the Purchaser to perform due diligence, before it submitted a full and final offer for the business and certain assets of Finance and Supplies respectively

Following the period of exclusivity the following assets were sold to the Purchaser on 6 September 2013 (the "Sale")

Finance assets	£
Goodwill - Business Intellectual Property	1
Goodwill - Email Addresses	2,500
Goodwill - Finance Databases	5,000
Goodwill – Finance Customer Data	75,900
Finance Machinery	1
Rental Income Debts	700,000 and the Rental Income Consideration (see below)
Work in Progress	1



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Supplies assets	£
Goodwill - Email Addresses	2,500
Equipment	1
Information Technology	2,000
Stock	1
Goodwill – Supplies Customer Data	5,000
Supplies Machinery	1
Goodwill - Supplies Goodwill	10,000
Goodwill - Telephone Numbers	5,000

"Rental Income Consideration" means a sum equal to 37.5% of the first £2.8 million of rental income receipts received by the Purchaser, and 50% of the any rental income receipts in excess of £2.8 million

Payments made by customers, in respect of the rental agreements transferred to the Purchaser as part of the Sale, will form the rental income receipts that the Rental Income Consideration is based on

Once the Purchaser has received rental income from a customer it will calculate the Rental Income Consideration due in respect of that receipt, before paying the Rental Income Consideration to the Companies in the month following the receipt

4.5 Leasehold premises

The Companies primarily traded from leasehold premises at 130 St Mary's Road, Garston, Liverpool (the "Premises")

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 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.

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 was



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still required for the purposes of the Administrations, as such the Joint Administrators 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

On 2 September 2013 the Joint Administrators terminated the above two licences

Following the sale to the Mailing Room, the Companies vacated the Premises and on 30 September 2013 the Joint Administrators terminated the licence to occupy agreements and offered an informal surrender of the Premises back to the landlord

4.6 Books and Records

Upon appointment the Joint Administrators located and secured the Companies' books and records

Following the Sale any books and records relating directly to the assets sold were passed to the Purchaser. All other books and records were collected from the Premises and placed into storage or destroyed as appropriate

4.7 Legal disputes

At the date of appointment, 46 customer accounts, with a total of £1.2 million outstanding, were subject to legal disputes

The Joint Administrators met with the Companies' former solicitors, JB Leitch. At the meeting JB Leitch confirmed that they were not interested in pursuing debts on a contingent basis

Following the meeting, £80,000, less solicitors' fees and disbursements, has been received from JB Leitch's client account in relation to a settlement received in respect of a legal dispute

The Joint Administrators subsequently instructed Freeth to act on behalf of the Companies in respect of both pre- and post-appointment legal disputes with customers

4.8 Stock and other assets

As previously advised, stock was made up of older and newer franking machines, as well as a limited level of consumables. In addition the Companies owned 11 vehicles and minimal fixtures and fittings, both in the Premises and Hotel, and currently have a number of book debts outstanding from Newco

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



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4.8.1 Stock

Given the regulatory restrictions associated with the disposal of obsolete franking machines, a large proportion of the Companies' stock was onerous. As such all stock, onerous or otherwise, was sold to the Purchaser for a nominal value of £1. As part of this Sale the Purchaser agreed to deal with all stock purchased in accordance with all statutory, regulatory and contractual requirements.

4.8.2 Fixtures and fittings

Following our Agents' recommendation, the Hotel's fixtures and fittings were sold to the Directors for £1,000.

4.8.3 Vehicles

Further to our previous report, an additional two vehicles were sold in the Period for £16,500 (in line with our Agents' valuation and recommendation nine company vehicles have been sold to date for £74,250). Of the two company vehicles remaining, one is subject to a pre-appointment lease with a family member of one of the Directors and the ownership of the other is currently subject to dispute.

4.8.4 Newco debt

A number of payments currently remain outstanding from Newco to the Companies, both in relation to obligations arising from the Agreement and monies received by Newco in error from the Companies' customers. The Joint Administrators have requested these payments are made to the Companies, as such an update will be provided in respect of these outstanding debts as part of the Joint Administrators' next report.

4.9 Investigation

As part of their appointment the Joint Administrators have a responsibility to investigate the events that led to the insolvency of the Companies and the subsequent Administration appointments.

As such, upon appointment the Joint Administrators ensured that they located and secured all relevant data and information to enable them to comply with this requirement.

The Joint Administrators then worked in conjunction with KPMG's Forensic team to complete an initial analysis of the data and information gathered.

This initial analysis highlighted specific areas that required further detailed investigation and as such the Joint Administrators have now requested that the Directors and Newco provide further information to assist them with their investigation.

If relevant, an update in respect of the investigation will be provided as part of the Joint Administrators next report.

4.10 Cost of realisations

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



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- 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,
- Undertaking a sale of the business and assets of the Companies,
- 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,
- Submission of interim and final D returns,
- Commencing the investigation into the factors that led to the appointment of Joint Administrators, and
- Other statutory issues associated with the Administrations

4 11 **Communication**

The Joint Administrators wrote to all known creditors on 13 December 2012 advising them of their appointments

Following this, the Joint Administrators' Statement of Proposals was circulated to all creditors of the Companies on 30 January 2013

Notice of deemed approval of the Proposals, as circulated, was sent to all creditors and members on 13 February 2013

The first progress report to creditors was circulated on 2 July 2013

A further progress report will be provided to creditors in May 2014 should the Joint Administrators' proposals not have been completed by then



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4.12 Liabilities

4.12.1 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, it is currently anticipated that the Bank will not be repaid in full

To date the bank has received an initial dividend of £1.1 million, in respect of its secured creditor claim

4.12.2 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

4.12.3 Unsecured creditors

The statement of affairs indicated that unsecured creditor claims total £1.0 million in Supplies and £2.4 million in Finance. Of these amounts, trade creditor claims total £57,605 in Supplies with no trade creditors within Finance. The balances relate to either inter-company debts or unsecured employee claims. Based on current forecasts it is unlikely that there will be a dividend available for unsecured creditors of either of the two Companies

4.12.4 Prescribed Part

In accordance with section 176A of the Act, where a floating charge was created post 15 September 2003 and, therefore post Enterprise Act 2002, a prescribed part should be made available to unsecured creditors should floating charge realisations be sufficient

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

4.13 Expenses for the period

4.13.1 Receipts and payments

The receipts and payments for the Period are set out in the attached receipts and payments accounts (see Appendix 2). A schedule of expenses incurred for each of the Companies during the period is attached at Appendix 5

4.13.2 Office holders remuneration

The Joint Administrators' time costs in Supplies during the Period were £54,675, representing 177 hours at an average hourly rate of £309

The Joint Administrators' time costs in Finance during the Period were £180,286, representing 634 hours at an average hourly rate of £284



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The majority of Joint Administrators' time costs to date have been spent dealing with the Sale, whilst the business continued to trade

Other key areas of the Administrations have included the Joint Administrators ongoing investigations into the pre-appointment transactions of the Companies, the collection of book debts and dealing with the Companies post-appointment corporation tax obligations

Please note that all staff who have worked on this assignment, including work undertaken by GSS, pension, tax and VAT specialists, Forensic, 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 this assignment but is reflected in the general level of charge out rates.

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 during the Period, in accordance with SIP 9

The statutory provisions relating to the Joint 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 Administrations at their normal hourly rate of charging (as detailed in Appendix 4)

Under Rule 2.106 of the Rules, where the Administrator has made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act that, on the basis that there will be no surplus available to creditors, there will be no meeting of creditors convened, then the proposals relating to Administrators' remuneration shall be taken as passed if passed with the approval of each secured creditor of the company, and also the approval of the preferential creditors (whose debt amounts to more than 50% of the total preferential debt) where the Administrator intends to make a preferential distribution

Creditors are reminded that the quantum of office holder remuneration can be challenged by unsecured creditors representing at least 10% by value of total unsecured claims, including that creditor's claim, by making an application to court in accordance with Rule 2.109 of the Rules. The full text of this rule can also be provided on request



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Please note that no fees or disbursements have been drawn by the Joint Administrators to date. In accordance with Rule 2.106, the Joint Administrators will seek approval from the secured and preferential creditors prior to the drawing of any fees or disbursements.

4.13.3 Other Information

In accordance with Rule 2.48A of the Rules, additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities. A request must be made within 21 days of receipt of this report.

5 Extension of the Administrations

The Administration appointments are currently due to expire on 7 December 2013. However, the Joint Administrators will be unable to complete all outstanding matters within this time and as such are not in a position to conclude the Administrations prior to the end date. The following matters remain outstanding:

- post Sale issues;
 - initiating and overseeing the monitoring and receipt of the contingent, deferred consideration,
 - assisting the Purchaser and customers with the transition following the sale,
 - finalising the position with regards to the Agreement with Newco,
 - completing the reconciliation and transfer of relevant funds, with regards to customer payments that have been made in error to either Newco / the Companies, and
 - finalising the position trading position with the Companies' supplier base
- sale of the remaining residual assets,
- collection of outstanding book debts;
- investigation of the directors pre-appointment actions,
- distribution of funds to the preferential creditors,
- distribution of funds to the secured creditors, and,
- completion of other statutory and regulatory matters

As such, the Joint Administrators are now making an application to court to request a 12 month extension to the Administrations. If this is granted, the new end date of the Administrations will be 6 December 2014. However, if the above matters are completed prior to this time and steps will then be taken to conclude the Administrations in advance of the automatic end date.



6 Comments on the Appendices

6 1 Appendix 1: Statutory Information

Information to creditors required by statute is contained in Appendix 1 to this report

6 2 Appendix 2: Receipts and payments account for the period

An analysis of receipts and payments for the period 7 June 2013 to 18 October 2013 is contained in Appendix 2

This takes account of receipts and payments on a cash basis and does not show future receipts and payments receivable/payable

As detailed in section 4 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

6 3 Receipts

6 3 1 Sales

Net machine rental income, primarily relating to existing customer leases, of £201,184 was received in the Period into Finance

6 3 2 Cash received in error

£150 that had been received in error by Finance was returned to the relevant customer in the Period

6 3 3 Funding payment

As part of the Sale a funding payment of £7,000, relating to supporting the trading cost of the Companies during August 2013, was received from the Purchaser in the Period

6 3 4 Book debts

Book debts of £2,588 were received in the Period into Supplies, with £1,596 relating to a pre-appointment debt due from Newco and £294 relating to pre-appointment book debts

6 3.5 Goodwill

As part of the Sale goodwill amounting to £105,901 was received, with £83,401 and £22,500 into Finance and Supplies respectively. See section 4 4 for more information

6.3 6 Rental income debts

As part of the sale £700,000 was received in respect of rental income debts. See section 4 4 for more information.



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6 3 7 Other Sale of business receipts

£2,005 was received in respect of Stock (£1 in Finance and Supplies), Plant and Machinery (£1 in Finance and Supplies) and Furniture and Equipment (£2,001), in relation to the Sale of the business to the Purchaser. See section 4.4 for more information.

6 3 8 Motor vehicles

During the Period £40,500 was received in respect of the sale of three of the motor vehicles owned by Finance.

6 3 9 Cash received due to Newco

Newco customers have incorrectly paid £11,116 to Supplies and £12,217 to Finance during the Period. These funds will be transferred to Newco in due course.

6 3 10 Cash received due to Supplies

The £348 float held at sale was used by Finance to cover trading costs during the Period. These funds will be transferred to Supplies in due course.

6 3 11 Cash received due to Finance

Supplies customers have previously incorrectly paid £2,665 to Finance. During the Period £345 was reimbursed to Finance and the remaining £2,320 will be transferred to Supplies in due course.

6 3 12 Cash received due to Purchaser

£133,145 (net of VAT) and £456 (gross of VAT) has been received from customers who have transferred to the Purchaser as part of the Sale. These funds will be transferred to Purchaser in due course.

6 3 13 Cash received due to third party

A third party has incorrectly paid £548 to Supplies during the Period. This will be reimbursed in due course.

6 3 14 Bank interest

Bank interest totalling £698 (£15 relating to Supplies and £683 relating to Finance) was received in the Period.

6.4 Payments

6 4 1 Trade purchases

Purchases of £2,610 were paid by Finance to Supplies in the Period, primarily in relation to the purchase of consumables on behalf of customers who have such items included within their contract free of charge.



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6.4 2 Direct labour and sub contractors

Finance reimbursed Supplies for wages of £10,763 and paid £17,870 to sub contractors in the Period

In addition Supplies paid labour costs £2,549 and £235 to sub contractors Finance will reimburse Supplies for these costs in due course.

6.4 3 Rent

£9,667 has been paid by Supplies to the landlord under the terms of the lease during the Period, with by Finance reimbursing Supplies for £2,417 of rent paid during the Period The remaining rental costs will be reimbursed by Finance in due course

6 4 4 Utilities

Finance reimbursed Supplies for water rates of £54 that were paid in an earlier period Finance paid Telephone charges of £1,086 in the Period

6 4 5 Travel

£1,610 was paid in respect of employee travel during the Period This primarily relates to the purchase of fuel required by the Companies' engineers so that they were able to attend customer sites to deal with maintenance queries

6 4 6 Insurance

The total insurance paid by both entities for the Period was £13,718 with £6,121 and £7,597 paid by Finance and Supplies respectively. Following the conclusion of the trading period insurance refunds have been requested Further, Finance will reimburse Supplies for insurance costs that relate to the trading period in due course

6 4.7 Sundry expenses

During the Period sundry trading expenses of £602 were paid, primarily in respect of refuse collection, the fitting of secure locks / alarms at the Premises and the purchase of other sundry items

6 4 8 Petty cash

Finance had released £2,023 in petty cash to the business in the previous period This petty cash was spent during the trading period and has now been reallocated to the relevant trading expense

6 4 9 Agents'/Valuers' disbursements

£923 was paid to the Agents in relation to expenses incurred to date.

6 4 10 Bank charges

Supplies had paid bank charges of £243 in the previous period Finance reimbursed £78 to Supplies, in relation to trading costs, during the Period In addition Finance paid other



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bank charges of £342 in the Period (as such total bank charges of £420 were paid in the period by Finance)

6.4.11 Royal Bank of Scotland

Royal Bank of Scotland was paid an initial dividend of £1.1 million, in respect of its secured creditor claim, during the Period

6.5 Appendix 3: Analysis of the office holders' time costs

An analysis of the Joint Administrators' time costs for the Period is contained in Appendix 3 of this report

6.5.1 Analysis of the office holders' time costs - Supplies

The Joint Administrators' time costs from 7 June 2013 to 18 October 2013 total £54,675, representing 177 hours at an average rate of £309 an hour

During the Period Joint Administrators have been involved in the following activities

- A total of £19,540 in time costs has been incurred dealing with the Sale of Supplies assets to the Purchaser,
- A total of £11,016 in time costs has been incurred dealing with Supplies' post appointment corporation tax, both in relation to the trading period (£4,563) and otherwise (£6,453)
- A total of £3,124 in time costs has been incurred whilst preparing statutory reports, in respect of the Supplies Administration, and
- A total of £3,080 in time costs has been incurred dealing with employee related matters, namely liaising with the directors and the employees on an ongoing basis throughout and following the trading period

6.5.2 Analysis of the office holders' time costs - Finance

The Joint Administrators' time costs from 7 June 2013 to 18 October 2013 total £180,286, representing 634 hours at an average rate of £284 an hour

During the Period Joint Administrators have been involved in the following activities

- A total of £85,300 in time costs has been incurred dealing with the Sale of Supplies assets to the Purchaser,
- A total of £27,335 in time costs has been incurred in relation to trading Finance on an ongoing basis. This includes £21,650 incurred dealing with sales and other trading income and £5,685 relating to time incurred dealing with purchases and other trading expenditure,
- A total of £11,007 in time costs has been incurred reviewing the transactions that took place prior to the appointment of Joint Administrators,



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- A total of £8,495 in time costs has been incurred corresponding with the directors, in respect of their fiduciary duties to the Companies, as well as pre- and post-appointment transactions in respect of the Companies and Newco, and
- A total of £5,255 in time costs has been incurred corresponding with customers of the Companies, in respect of their outstanding book debts

6.6 Appendix 5: Expenses for the period

Expenses for the period are summarised in Appendix 5 which include the time costs as analysed in Appendix 3

6.6.1 Expenses for the period – Supplies

Within Supplies expenses for this period total £6,800, of which £nil was paid in the Period and £6,800 accrued. Accrued expenses include legal fees / disbursements, agents' fees / disbursements and sundry expenses

Please note that in addition to the aforementioned expenses, the Joint Administrators' fees of £54,675 and disbursements of £46 have also been accrued in the period of the report. However, as fee approval has not yet been requested from or granted by the secured and preferential creditors, these expenses have not been included within the analysis

6.6.2 Expenses for the period – Finance

Within Finance expenses for this period total £99,069, of which £32,353 was paid in the period and £66,716 accrued. Accrued expenses include purchases, labour, sub contractors, rent, rates, utilities, telephone, sundry trading expenses, insurance, legal fees / disbursements, agents' fees / disbursements, and sundry other costs

Please note that in addition to the aforementioned expenses, the Joint Administrators' fees of £180,286 and disbursements of £1,373 have also been accrued in the period of the report. However, as fee approval has not yet been requested from or granted by the secured and preferential creditors, these expenses have not been included within the analysis



Appendix 1

Statutory Information

Company name	The Franking Machine Company Supplies Limited
Company registration number	02673780
Date of incorporation	23 December 1991
Previous registered office	43 Castle Street Liverpool L2 9TL
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Court details	The Administration orders granted High Court of Justice, Chancery Division, Manchester District Registry in respect of The Franking Machine Company Supplies Limited dated 7 December 2012 Court case number 3444 of 2012
Date of appointment	7 December 2012
Office holder details	Paul Dumbell was appointed on 7 December 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales Brian Green was appointed on 7 December 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales
Basis of remuneration	Time cost
Fee resolution date	Fee resolution has not yet been approved
Extension obtained	Not applicable



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Company name	The Franking Machine Company Finance Limited
Company registration number	02868280
Date of incorporation	2 November 1993
Previous registered office	130 St Marys Road Garston Liverpool L19 2JG
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Court details	The Administration orders granted High Court of Justice, Chancery Division, Manchester District Registry in respect of The Franking Machine Company Finance Limited dated 7 December 2012 Court case number 3445 of 2012
Date of appointment	7 December 2012
Office holder details	Paul Dumbell was appointed on 7 December 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales Brian Green was appointed on 7 December 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales
Basis of remuneration	Time cost
Fee resolution date	Fee resolution has not yet been approved
Extension obtained	Not applicable



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4 November 2013

Company name	The Franking Machine Company Finance Limited
Company registration number	02868280
Date of incorporation	2 November 1993
Previous registered office	130 St Marys Road Garston Liverpool L19 2JG
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Court details	The Administration orders granted High Court of Justice, Chancery Division, Manchester District Registry in respect of The Franking Machine Company Finance Limited dated 7 December 2012. Court case number 3445 of 2012
Date of appointment	7 December 2012
Office holder details	Paul Dumbell was appointed on 7 December 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales Brian Green was appointed on 7 December 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales
Basis of remuneration	Time cost
Fee resolution date	Fee resolution has not yet been approved
Extension obtained	Not applicable



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Appendix 2 – Joint Administrators' Receipts and Payments accounts for the period 7 June 2013 to 18 October 2013

**The Franking Machine Company Supplies Limited
(In Administration)
Administrators' Trading Account**

Statement of Affairs	From 07/06/2013 To 18/10/2013	From 07/12/2012 To 18/10/2013
POST-APPOINTMENT SALES		
Sales	NIL	927 31
Hotel Income	NIL	104 17
	NIL	1,031 48
PURCHASES		
Hotel Purchases	NIL	98 00
	NIL	(98 00)
OTHER DIRECT COSTS		
Direct labour - Finance to reimburse	2,549 17	13,236 27
	(2 549 17)	(13,236 27)
TRADING EXPENSES		
Sub contractors - Finance to reimburse	235 00	313 75
Rent - Finance to reimburse	9,666 64	4,833 32
Water rates - Finance to reimburse	(53 66)	NIL
Insurance - Finance to reimburse	7,596 71	7,596 71
	(17,444 69)	(12,743 78)
TRADING SURPLUS(DEFICIT)	(19,993 86)	(25,046 57)



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

Statement of Affairs	From 07/06/2013 To 18/10/2013	From 07/12/2012 To 18/10/2013
FIXED CHARGE ASSETS		
Bank debts	1,596 00	9,576 00
Goodwill	22,500 00	32,400 00
Bank interest, gross	14 62	15 38
	<u>24,110 62</u>	<u>41,991 38</u>
ASSET REALISATIONS		
Plant & machinery	1 00	1 00
Furniture & equipment	2,001 00	3,001 00
Motor vehicles	NIL	4,444 00
Stock	1 00	1 00
Book debts	293 88	20,272 61
	<u>2,296 88</u>	<u>27,719 61</u>
OTHER REALISATIONS		
Bank interest, gross	NIL	0 07
Trading Surplus/(Deficit)	(19,993 86)	(25,046 57)
Cash received due to Finance	(345 29)	2,319 75
Cash received due to Newco	11,115 68	17,812 50
Cash received due to third party	547 75	547 75
	<u>(8,675 72)</u>	<u>(4,366 50)</u>
COST OF REALISATIONS		
Statutory advertising	NIL	76 50
Bank charges	(78 14)	164 54
	<u>78 14</u>	<u>(241 04)</u>
	<u>17,809 92</u>	<u>65,103 45</u>
REPRESENTED BY		
Floating ch VAT receivable		1 584 64
Fixed charge current		37,575 18
Floating charge current2		32,396 77
Fixed charge VAT payable		(5,159 80)
Floating ch VAT payable		(1,830 00)
Floating ch VAT control		536 66
		<u>65,103 45</u>

Note



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**The Franking Machine Company Finance Limited
(In Administration)
Administrators' Trading Account**

Statement of Affairs	From 07/06/2013 To 18/10/2013	From 07/12/2012 To 18/10/2013
POST-APPOINTMENT SALES		
Sales	201 183 91	674,599 98
Administrative Support fee	NIL	7,188 62
Cash received in error	(150 00)	NIL
Funding payment	7,000 00	7,000 00
	<u>208,033 91</u>	<u>688,788 60</u>
PURCHASES		
Purchases	<u>2,610 22</u>	<u>7,059 09</u>
	(2 610 22)	(7,059 09)
OTHER DIRECT COSTS		
Direct labour	<u>10 763 19</u>	<u>98 423 80</u>
	(10,763 19)	(98,423 80)
TRADING EXPENSES		
Sub contractors	17,870 33	22 589 08
Rent	2,416 66	16,916 62
Rates	NIL	1,156 32
Water rates	53 66	53 66
Heat & light	NIL	1,358 24
Travel	1 609 95	4,958 61
Telephone/Telex/Fax	1 085 53	2,019 50
Insurance	6,121 50	6 121 50
Repairs and maintenance	NIL	275 00
Sundry expenses	602 09	1 225 88
Petty Cash	(2,022 66)	NIL
	<u>(27,737 06)</u>	<u>(56 674 41)</u>
TRADING SURPLUS/(DEFICIT)	<u><u>166,923 44</u></u>	<u><u>526,631 30</u></u>



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

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

Statement of Affairs	From 07/06/2013 To 18/10/2013	From 07/12/2012 To 18/10/2013
FIXED CHARGE ASSETS		
Cash received due to Supplies	NIL	1 20
Goodwill	83,401 00	83,401 00
Bank interest, gross	4 00	4 00
	<u>83,405 00</u>	<u>83,406 20</u>
ASSET REALISATIONS		
Rental income debts	700,000 00	700,000 00
Plant & machinery	1 00	1 00
Motor vehicles	40,500 00	58,806 00
Stock - work in progress	1 00	1 00
Book debts	NIL	120,762 44
	<u>740,502 00</u>	<u>879,570 44</u>
OTHER REALISATIONS		
Bank interest, gross	678 90	732 51
Trading Surplus/(Deficit)	166,923 44	526,631 30
Cash received due to Supplies	348 24	348 24
Cash received due to Newco	12,217 24	18,024 90
Due to Purchaser (net of VAT)	133,145 13	133,145 13
Due to Purchaser (gross of VAT)	456 00	456 00
	<u>313,768 95</u>	<u>679,338 08</u>
COST OF REALISATIONS		
Agents/Valuers' disbursements	922 95	922 95
Legal fees	NIL	49,647 56
Legal disbursements	NIL	84 00
Statutory advertising	NIL	76 50
Bank charges	420 00	600 00
	<u>(1,342 95)</u>	<u>(51,331 01)</u>
FLOATING CHARGE CREDITORS		
Royal Bank of Scotland	1,100,000 00	1,100,000 00
	<u>(1,100,000 00)</u>	<u>(1,100,000 00)</u>
	<u>36,333 00</u>	<u>490,983 71</u>
REPRESENTED BY		
Floating ch VAT rec'able		1,889 70
Fixed charge current		83,406 20
Floating charge current		442,443 78
Floating ch VAT payable		(96 547 32)
Floating ch VAT control		59,791 35
		<u>490,983 71</u>

Note



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Appendix 3 – Analysis of Joint Administrators’ time costs for the period 7 June 2013 to 18 October 2013

The Franking Machine Company Supplies Limited

Reporting period: 07 June 2013 to 18 October 2013

SIP 9 Compliant fees worksheet

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Trading							
Cashiering							
General (Cashiering)			12 00		12 00	£2,252 50	£187 71
Reconciliations (& IPS accounting reviews)			3 10		3 10	£160 00	£51 61
Employees							
Correspondence		3 30	7 50		10 80	£3,079 50	£285 14
DTI redundancy payments service		1 80	2 00		3 80	£1,157 00	£304 47
Tax							
Post appointment corporation tax	0 50	5 10	8 75		14 35	£4,563 50	£318 01
Post appointment PAYE			2 00		2 00	£500 00	£250 00
Post appointment VAT		1 40	6 00		7 40	£1,621 00	£219 05
Administration & planning							
Cashiering							
General (Cashiering)			3 90		3 90	£774 50	£198 59
Reconciliations (& IPS accounting reviews)			0 20		0 20	£53 00	£265 00
General							
Books and records			4 50		4 50	£407 50	£90 56
Statutory and compliance							
Checklist & reviews	0 50	1 00			1 50	£692 50	£461 67
Reports to debenture holders	1 00				1 00	£485 00	£485 00
Statutory receipts and payments accounts			0 30		0 30	£75 00	£250 00
Strategy documents	0 10				0 10	£56 50	£565 00
Tax							
Post appointment corporation tax	1 00	11 15	6 25		18 40	£6,452 75	£350 69
Post appointment PAYE			1 00		1 00	£250 00	£250 00
Post appointment VAT	2 00		1 25		3 25	£1,213 75	£373 46
Creditors							
Creditors and claims							
Statutory reports	1 00		10 75		11 75	£3,123 75	£265 85
Employees							
Correspondence			4 00		4 00	£1,030 00	£257 50
Investigation							
Directors							
Correspondence with directors	3 00	2 00	2 00		7 00	£2,725 00	£389 29
D form drafting and submission			7 30		7 30	£1,210 00	£165 75
Investigations							
Review of pre-appt transactions	2 50	4 00			6 50	£2,752 50	£423 46



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Realisation of assets

Asset Realisation

Office equipment, fixtures & fittings

Sale of business

Total in period

	2 00
	21 90
29 00	21 90
40 60	106 70

2 00	£500 00	£250 00
50 90	£19 540 00	£383 89
177 05	£54,675 25	£308 81

Fees drawn

B/f

In the period

C/f

0 00

0 00

0 00

Hours/Costs to date

537 31

177 05

714 36

£154,086 35

£54,675 25

£208,761 60

£286 77

£308 81

£292 24

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



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**The Franking Machine Company Finance
Limited**

Reporting period:

07 June 2013 to 18 October 2013

SIP 9 Compliant fees worksheet

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Trading							
Cashiering							
General (Cashiering)			38 50		38 50	£4,488 50	£116 58
Reconciliations (& IPS accounting reviews)			11 10		11 10	£520 00	£46 85
Employees							
Correspondence			6 00		6 00	£1,500 00	£250 00
Tax							
Post appointment corporation tax	0 50	5 10	3 75		9 35	£3,313 50	£354 39
Post appointment VAT		3 00	12 10		15 10	£3,333 50	£220 76
Trading							
Purchases and trading costs	1 00		20 80		21 80	£5,685 00	£260 78
Sales	1 00	16 00	61 30		78 30	£21,650 00	£276 50
Administration & planning							
Bankrupt/Director/Member							
Statutory reports	2 50				2 50	£1 212 50	£485 00
Cashiering							
General (Cashiering)			6 30		6 30	£1,202 50	£190 87
Reconciliations (& IPS accounting reviews)			0 20		0 20	£51 50	£257 50
General							
Books and records			10 00		10 00	£1,680 00	£168 00
Joint appointee			1 00		1 00	£45 00	£45 00
Statutory and compliance							
Checklist & reviews	0 50	1 00			1 50	£692 50	£461 67
Statutory receipts and payments accounts			0 30		0 30	£75 00	£250 00
Strategy documents	0 10				0 10	£56 50	£565 00
Tax							
Post appointment corporation tax	1 00	6 40	1 75		9 15	£3,431 50	£375 03
Post appointment VAT	2 00	1 30	2 75		6 05	£1,980 75	£327 40
Creditors							
Creditors and claims							
General correspondence			26 75		26 75	£4 948 75	£185 00
Payment of dividends			3 00		3 00	£750 00	£250 00
Statutory reports		4 00	10 75		14 75	£4,098 75	£277 88
Investigation							
Directors							
Correspondence with directors	5 00	12 00	5 80		22 80	£8,495 00	£372 59
D form drafting and submission	3 00		5 80		8 80	£2,700 00	£306 82
Investigations							
Correspondence re investigations	0 60	3 50	12 00		16 10	£4,638 50	£288 11
Review of pre-appt transactions	9 20	17 00			26 20	£11,007 00	£420 11



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Realisation of assets

Asset Realisation

Debtors		8 00	20 00	28 00	£5 255 00	£187 68
Office equipment, fixtures & fittings			2 00	2 00	£500 00	£250 00
Sale of business	43 00	81 00	138 00	262 00	£85,300 00	£325 57
Vehicles			6 70	6 70	£1,675 00	£250 00
Total in period	69 40	158 30	406 65	634 35	£180,286 25	£284 21

Fees drawn

B/f	0 00
In the period	0 00
C/f	0 00

**Hours/Costs
to date**

1,595 61	£424,894 10	£266 29
634 35	£180,286 25	£284 21
2,229 96	£605,180 35	£271 39

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.



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Category 1 and 2 expenses incurred 7 June 2013 to 18 October 2013

The Franking Machine Company Supplies Limited (in Administration)

Expense type	Value (£)
Category 1	
Print Services	46 00
	46 00
Brought forward	393 04
Total Category 1 Expenses	439 04
Category 2	
Mileage	-
	-
Brought forward	49 40
Total Category 2 Expenses	49 40
Total	488.44

Source KPMG records



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The Franking Machine Company Finance Limited (in Administration)

Expense type	Value (£)
Category 1	
Lunch allowance	64 00
Train costs	51 40
Print services	104 15
Postage costs	390 00
Sundry costs	41 49
	<hr/> 651 04 <hr/>
Brought forward	2,826 51
Total Category 1 Expenses	<hr/> 3,477 55 <hr/>
Category 2	
Mileage	721 60
	<hr/> 721 60 <hr/>
Brought forward	3,032 26
Total Category 2 Expenses	<hr/> 3,753 86 <hr/>
Total	<hr/> 7,231.41 <hr/>

Source KPMG records

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



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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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Appendix 4 – Chargeable rates from 1 October 2012 to 30 September 2013

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



Chargeable rates from 1 October 2013

Grade	Rate per hour (£)
Partner	565
Associate partner	485
Director	485
Senior manager	475
Manager	385
Assistant manager	265
Assistant	195
Support	120



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

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**Appendix 5 – Schedule of expenses for the period 7 June
2013 to 18 October 2013 – The Franking Machine
Company Supplies Limited (in Administration)**

Section	Account	Accrued	Paid	Undisclosed in prior period	Total
Cost of realisations	Legal fees	5,000 00	-	n/a	5,000 00
	Legal disbursements	200 00	-	n/a	200 00
	Agents'/Valuers' fees	1,000 00	-	n/a	1,000 00
	Agents'/Valuers' disbursements	100 00	-	n/a	100 00
	Sundry expenses	500 00	-	n/a	500 00
Total		6,800.00	-	-	6,800.00

The table above shows expenses that have been paid or incurred in the period which have not been paid and/or accrued in prior reporting periods

Please note that in addition to the expenses outlined above, Joint Administrators' fees of £54,675 and disbursements of £46 have also been accrued in the period of the report. Fee approval has not yet been requested from or granted by the secured and preferential creditors and as such these expenses have not been included within the analysis

For information relating to the Joint Administrators' fees incurred in the reporting period please see sections 4.13 and 6.5



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

Progress Report for period 7 June 2013 to 18 October 2013

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The Franking Machine Company Finance Limited (in Administration)

Section	Account	Accrued	Paid	Undisclosed in prior period	Total
Trading expenses	Purchases	3,000 00	2,610 22	n/a	5,610 22
	Direct labour	2,549 17	10,763 19	n/a	13,312 36
	Sub contractors	3,000 00	11,870 33	n/a	14,870 33
	Rent	9,666 64	2,416 66	n/a	12,083 30
	Rates	2,000 00	-	n/a	2,000 00
	Utilities	3,000 00	53 66	n/a	3,053 66
	Travel	-	1,609 95	n/a	1,609 95
	Telephone	2,000 00	1,085 53	n/a	3,085 53
	Sundry expenses	1,500 00	602 09	n/a	2,102 09
	Insurance	4,000 00	1,121 50	n/a	5,121 50
		30,715.81	32,133.13	-	62,848.94
Cost of realisations	Legal fees	30,000 00	-	n/a	30,000 00
	Legal disbursements	1,000 00	-	n/a	1,000 00
	Bank charges	-	220 00	n/a	220 00
	Agents'/Valuers' fees	4,000 00	-	n/a	4,000 00
	Agents'/Valuers' disbursements	500 00	-	n/a	500 00
	Sundry expenses	500 00	-	n/a	500 00
		36,000.00	220.00	-	36,220.00
Total		66,715.81	32,353.13	-	99,068.94

The table above shows expenses that have been paid or incurred in the period which have not been paid and/or accrued in prior reporting periods

Please note that in addition to the expenses outlined above, Joint Administrators' fees of £180,286 and disbursements of £1,373 have also been accrued in the period of the report. Fee approval has not yet been requested from or granted by the secured and preferential creditors and as such these expenses have not been included within the analysis.

For information relating to the Joint Administrators' fees incurred in the reporting period please see sections 4.13 and 6.5