

The Insolvency Act 1986

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

Name of Company Waterside Press (Hatfield) Limited	Company number 02895622
In the High Court [full name of court]	Court case number 1534 of 2005

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

1. I (a) Geoffrey Stuart Kinlan and Anthony Sanderson of BDO Stoy Hayward LLP Prospect Place, 85 Great North Road, Hatfield, Hertfordshire, AL9 5BS

*Delete as applicable

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

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

(b) Insert date

(b) 29 April 2005

Signed

A. J. Kinlan

Dated

3 May 2005**Contact details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

BDO Stoy Hayward LLP, Prospect Place, 85 Great North Road, Hatfield, Hertfordshire, AL9 5BS.	
Our Ref 132/RD/RDadm751/C15	Tel 01707 255 888
DX Number	DX Exchange

A13
COMPANIES HOUSE0209
05/05/05

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



BDO Stoy Hayward
Chartered Accountants

Private and Confidential

BDO Stoy Hayward LLP
Prospect Place 85 Great North Road
Hatfield Hertfordshire AL9 5BS
Telephone: +44 (0)1707 255888
Facsimile: +44 (0)1707 255889
Web site: www.bdo.co.uk

29 April 2005

Our Ref 132/RD/RDadm601/C6

Please ask for
Rob Davies
Direct line: 01707 25 5891

TO ALL CREDITORS AND MEMBERS

Dear Sir(s)

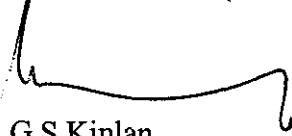
Waterside Press (Hatfield) Limited - In Administration ("the company")

I refer to the appointment of Anthony Sanderson and myself as Joint Administrators of the company on 8 March 2005 and I am now in a position to convene a meeting of the company's creditors pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986 formal notice of which is attached. The purpose of the meeting is for the creditors to consider and if they think fit approve the Joint Administrators' proposals for achieving the objective of the Administration.

The meeting is to be held at BDO Stoy Hayward LLP, Prospect Place, 85 Great North Road, Hatfield, Herts, AL9 5BS on 17 May 2005 at 10:00hrs. A map detailing the location of the meeting is enclosed. A form of proxy and proof of debt are also enclosed.

I attach a statement to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986, which incorporates a statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986. Additionally I provide a report setting out the work undertaken by the administrators to date, incorporating details of my firms policies regarding fees and disbursements and a summary recording the time spent on the administration, together with a creditors' guide to administrators fees.

Yours faithfully
for and on behalf of
Waterside Press (Hatfield) Limited



G S Kinlan
Joint Administrator
Authorised by the Insolvency Practitioners Association

Encs

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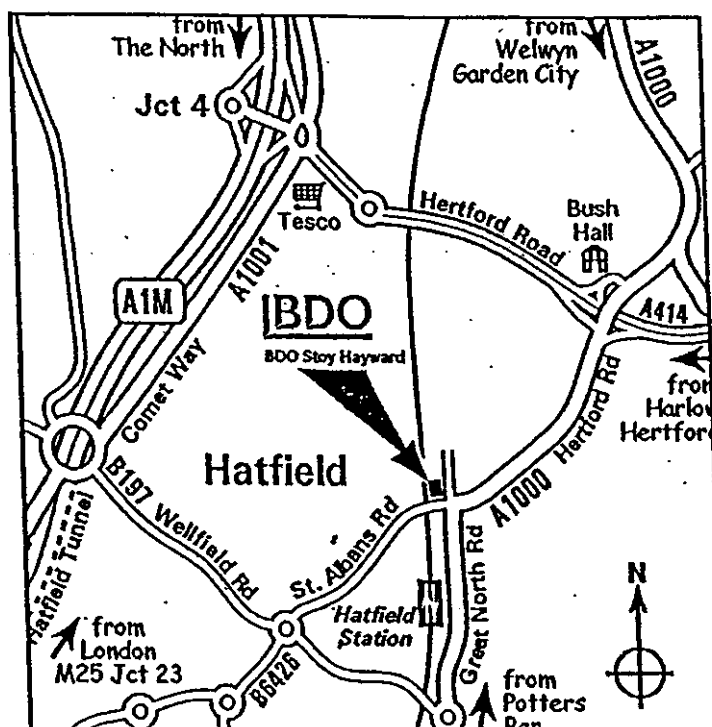
How to find us

BDO Stoy Hayward
Prospect Place
85 Great North Road
Hatfield, Herts
AL9 5BS

Tel: 01707 255 888 (main switchboard)

Fax: 01707 255 889

The offices have private parking facilities



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Notice of a meeting of creditors

Name of Company Waterside Press (Hatfield) Limited	Company number 02895622
In the High Court <small>[full name of court]</small>	Court case number 1534 of 2005

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

Notice is hereby given by (a) Geoffrey Stuart Kinlan and Anthony Sanderson of BDO Stoy Hayward LLP Prospect Place, 85 Great North Road, Hatfield, Hertfordshire, AL9 5BS

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

That a meeting of the creditors of (b) Waterside Press (Hatfield) Limited whose registered office is situated at Prospect Place, 85 Great North Road, Hatfield, Herts AL9 5BS.

(c) Insert details of place of meeting

is to be held at (c) BDO Stoy Hayward LLP, 85 Great North Road, Hatfield, Herts, AL9 5BS.

(d) Insert date and time of meeting

On (d) 17 May 2005 at 10:00 hrs

The meeting is:

*Delete as applicable

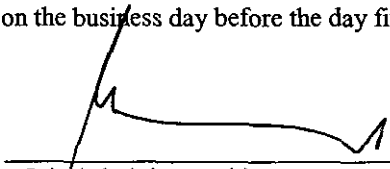
- *(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");**
~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule;~~
~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule;~~
~~*(4) a further creditors' meeting under paragraph 56 of the Schedule;~~
~~*(5) a creditors' meeting under paragraph 62 of the Schedule.~~

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed


Joint/administrator(s)

Dated

29-04-2005

*Delete as applicable

A copy of the ~~*proposals / revised proposals~~ is attached

INSOLVENCY RULES 1986 EXTRACT

Rule 2.38 - Entitlement to Vote

(1) Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

(a) he has given to the administrator, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of the debt which -

(i) he claims to be due to him from the company; or

(ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office;

(b) the claim has been duly admitted under the following provisions of this Rule; and

(c) there has been lodged with the administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2.40 to 2.42.

(2) The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control.

(3) The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim.

(4) Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes are counted.

(5) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.

(6) No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting.

(7) Where -

(a) a creditor is entitled to vote under this Rule;

(b) has lodged his claim in one or more sets of other proceedings; and

(c) votes (either in person or by proxy) on a resolution put to the meeting; and

(d) the member State liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted.

(8) Where -

(a) a creditor has lodged his claim in more than one set of other proceedings; and

(b) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings.

(9) For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim.

(10) For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State.

End extract Rule 2.38 - Entitlement to Vote

132/RD/RDadm621/C4

Rule 8.1 Insolvency Act 1986
Proxy (Administration)

*Insert the name of the
company

IN THE MATTER OF * Waterside Press (Hatfield) Limited
and
IN THE MATTER OF THE INSOLVENCY ACT 1986

Notes to help completion of
the form

Please give full name and
address for communication

Name of creditor _____

Address _____

Please insert name of person
(who must be 18 or over) or
the "Chairman of the
Meeting". If you wish to
provide alternative proxy-
holders in the circumstances
that your first choice is unable
to attend please state the
name(s) of the alternatives as
well

Name of proxy-holder _____

Please delete words in
brackets if the proxy-holder is
only to vote as directed ie he
has no discretion

I appoint the above person to be my / the creditor's proxy-holder at the meeting of creditors to be held on 17 May 2005, or at any adjournment of that meeting. The proxy-holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his / her discretion).

Voting instructions for resolutions

* Please delete as appropriate

1 For the acceptance/rejection* of the Administrator's proposals/revised proposals as circulated

for the appointment of _____

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the
creditor has not signed in
person

Position with creditor or relationship to creditor or other authority for signature

Please note there are resolutions on the other side of this form

Insolvency Act 1986

Proxy (Administration) continued;

IN THE MATTER OF * Waterside Press (Hatfield) Limited

Additional resolutions

* Please delete as appropriate

- 2 they continue to manage the company's business and realise assets in accordance with objective 2 of the statutory purpose of the Administration, and

Approved/Rejected

- 3 they exit the administration by way of a Creditors' Voluntary Liquidation and that Geoffrey Stuart Kinlan & Anthony Sanderson will be Joint Liquidators.

Approved/Rejected

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators.

- 4 they consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)

Approved/Rejected

- 5 in the absence of a creditors committee, the remuneration of the Joint Administrators is drawn on a time costs basis.

Approved/Rejected

- 6 the costs of BDO Stoy Hayward LLP are approved in respect of time incurred pre-appointment totalling £11,044.50. Such costs to be paid from funds held by the Joint Administrators.

Approved/Rejected

Waterside Press (Hatfield) Limited - In Administration

**RESOLUTIONS TO BE PUT TO THE MEETING OF CREDITORS TO BE HELD
ON 17 May 2005.**

The Joint Administrators propose that:

- 1 *they continue to manage the company's business and realise assets in accordance with objective 2 of the statutory purpose of the Administration, and*

Approved/Rejected

- 2 *they exit the administration by way of a Creditors' Voluntary Liquidation and that Geoffrey Stuart Kinlan & Anthony Sanderson will be Joint Liquidators.*

Approved/Rejected

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators.

- 3 *they consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)*

Approved/Rejected

- 4 *in the absence of a creditors committee, the remuneration of the Joint Administrators is drawn on a time costs basis.*

Approved/Rejected

- 5 *the costs of BDO Stoy Hayward LLP are approved in respect of time incurred pre-appointment totalling £11,044.50. Such costs to be paid from funds held by the Joint Administrators.*

Approved/Rejected

PROOF OF DEBT

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

No 1534 of 2005

**Waterside Press (Hatfield) Limited
- In Administration -**

Date of Administration 8 March 2005

- 1 Name of creditor
- 2 Address of creditor
- 3 Total claim including VAT and interest as at
the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be
substantiated
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and
the date it was given
- 9 Signature of creditor
or other authorised person
- Name in BLOCK LETTERS
- Creditor's reference:
- 10 Position or Relationship with Creditor

For Use of Administrator Only

11 Admitted to vote for £

Date

Joint Administrator

12 Admitted preferentially
for £

Date

Joint Administrator

Admitted non-preferentially
for £

Date

Joint Administrator

Guidance Notes re Preferential Debts:

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

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

VAT Bad Debt Relief

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

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

**Waterside Press (Hatfield) Limited
In Administration**

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

132/RD/RDadm661/C6

BDO Stoy Hayward LLP

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Appendix 1 – Statutory Information

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WATERSIDE PRESS (HATFIELD) LIMITED - IN ADMINISTRATION

Registered No. 02895622

Registered office situated at Prospect Place, 85 Great North Road, Hatfield, Herts AL9 5BS

In the High Court
1534 of 2005

1 Introduction

- 1.1 This report is addressed to the creditors of Waterside Press (Hatfield) Limited ("the company") and incorporates the Joint Administrators' proposals. These proposals are to be considered by the creditors' meeting called pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986 to be held at BDO Stoy Hayward LLP, 85 Great North Road, Hatfield, Herts, AL9 5BS on 17 May 2005 at 10:00 hrs.
- 1.2 Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.
- 1.3 If the Joint Administrators' proposals are agreed at the meeting of creditors the Joint Administrators will continue to control the business of the company to the extent that it has not been transferred. The Joint Administrators would at some later date arrange for the company to exit from the Administration, as agreed by the creditors. Based on the information presently available and the current situation the Joint Administrators' proposal is that the company will move from Administration to Creditors' Voluntary Liquidation.

2 Events leading up to the Appointment of Joint Administrators

- 2.1 The company was incorporated on 8 February 1994 by Mr James Nicholson. The company's principal activity was colour litho printing to produce brochures and leaflets, booklets, magazines and newsletters, catalogues, reports and accounts, posters, maps, folders, menus, point-of-sale material and direct mail.
- 2.2 Attached at Appendix 1 is the statutory information of the Company including a summary of the trading results for the past five periods. As you will note moderate profits were achieved for the years ended 2001 and 2003, however losses were experienced for the years ended 2002 and 2004.
- 2.3 The company was financed through an invoice discounting facility provided by HSBC Invoice Finance (UK) Ltd. In addition HSBC Asset Finance (UK) Ltd provided finance for two Heidelberg printing presses, a plate setting system and a folding machine.

- 2.4 The Company has granted four charges over its assets, to HSBC Bank plc, HSBC Invoice Finance (UK) Ltd, HSBC Asset Finance (UK) Ltd and James Nicholson.
- 2.5 During the early part of 2005 the Company experienced cashflow problems and increased pressure from creditors including one particular creditor who was threatening to wind up the Company. At this time the directors of the Company sought professional advice from BDO Stoy Hayward LLP
- 2.6 On 8 March 2005 an application for appointment of Joint Administrators was made by HSBC Asset Finance (UK) Ltd being a Qualifying Floating Charge Holder, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. On 8 March 2005, Geoffrey Stuart Kinlan and Anthony Sanderson were appointed Joint Administrators.
- 2.7 At appendix 1 is a record of the names of the company's directors and company secretary together with details of their shareholdings.

3 Statement of Affairs and statutory information

- 3.1 The directors have not submitted a statement of affairs to us at the time of this report. We therefore have produced a financial statement of the company together with a schedule showing details of creditors' claims, attached at appendix 2.

4 Prescribed Part

- 4.1 Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the company has granted a floating charge to a creditor after 15 September 2003. In this case the Company has granted a floating charge after 15 September 2003 and therefore the prescribed part will apply. However, at this stage I am unable to estimate the value of the company's net property as I am still in the process of realising assets.

5 Achieving the purpose of the administration

- 5.1 The statutory purpose of an administration consists of three objectives, and we now address the progress that has been made in this respect.

- (a) The first objective is the rescuing the company as a going concern. Prior to my appointment the directors had been in negotiation with two interested parties and upon my appointment I immediately made contact with these interested parties to provide them with an update of the situation and information on the company's assets. Two further interested parties came forward and both were furnished with similar information.

Unfortunately no offers were forthcoming for the business although one of the parties expressed an interest in acquiring some of the artwork images and historical job data. On 13 April 2005 a sale was completed for £5,000 for such assets.

- (b) With regard to the second objective of achieving a better result for the company's creditors as a whole than would be likely if the company were

wound up (without first being in administration), I can advise that during the period in which a purchaser for the business was sought a limited period of trading was undertaken. In this period invoices totalling £40,403 were issued against trading costs of £9,024.

- (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors and we can advise that during the trading period a contract was successfully completed on an invoice already accepted by HSBC Invoice Finance (UK) Ltd. I understand that this payment has since been received. Furthermore through completion of various outstanding contracts the goodwill of the customers was retained which has had a beneficial impact on the book debt collections undertaken by HSBC Invoice Finance (UK) Ltd.

6 Management of the company's affairs since the Joint Administrators' appointment

6.1 Initial Actions

- 6.1.1 Upon our appointment as Joint Administrators we undertook an immediate review of the company's affairs with particular regard to its financial and resource requirements. This assessment was carried out in liaison with the remaining management of the company having regard to the company's ongoing business commitments and the anticipated cashflows. As a consequence of the review a number of redundancies were made and initially reduced the number of staff from 26 to 16. The reductions in staffing levels enabled the company to continue to meet its obligations, service and support its existing customers, and also pursue new contracts.
- 6.1.2 On our appointment HSBC Invoice Finance (UK) Ltd converted their invoice discounting facility to a factored facility and took control of the debtor collection. At the date of our appointment the book debt ledger stood at £435,982. I understand that the ledger now stands at circa £212,000, leaving a balance due to HSBC Invoice Finance (UK) Ltd of circa £82,000.

6.2 Customers and contractual matters

- 6.2.1 All outstanding contracts were completed during the trading period and where possible any new orders placed by customers were accepted and completed. It is anticipated that the support provided to the customers will facilitate a more straightforward debtor collection.

6.3 Trading during the Administration

- 6.3.1 As detailed above the company's ongoing contractual obligations have in the main been met and this has led to invoicing during the Administration period of £40,403. The company's operations have had to be funded out of the trading income.
- 6.3.2 As detailed above the Company was funded through an invoice discounting facility and as a result a number of the Administration debtors have made payment directly to HSBC Invoice Finance (UK) Ltd. I am in the process of reconciling this

discrepancy and as a result these receipts have not been recorded on the attached receipts and payments account.

6.4 Creditors' claims

6.4.1 The unsecured creditors' claims as per the company's records total approximately £605,837. In addition I have received an estimated claim of £219,078 from Inland Revenue.

6.4.2 All employees are owed notice and holiday pay with some employees also owed arrears of wages. I have not received notification from the Redundancy Payments Office of the preferential or unsecured element of their claim. Therefore I am also unable to provide details of any further preferential or unsecured claims of the employees at this stage.

6.5 Sale of business and assets

6.5.1 As previously stated no offers were forthcoming for the business as a going concern, however a sale has recently been completed for some of the artwork images and historical job data. These monies are currently being transferred to the Administration estate from my solicitor's client account.

6.5.2 With regard to the tangible assets, an auction was arranged and held on 27 April 2005 at which the Company owned assets, together with those financed by HSBC Asset Finance (UK) Ltd and those owned by another company, Newton New Millenium Leasing were available. At this stage I do not hold full details of the realisations achieved at the auction, however I have been informed by our agents in this matter, King Sturge, that the auction was very well attended and the preliminary indications are that the Company's assets have realised circa £120,000.

7 EC Regulations on Insolvency Proceedings

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

8 Joint Administrators' Remuneration

Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal or alternatively by reference to the time the Joint Administrators and their staff have spent attending to matters in this administration. In respect of this administration we wish to ask creditors to approve our remuneration on a time costs basis. Attached at appendix 3 is a schedule that summarises the time that has been spent in administering this administration up to the date of this report. This shows a total of 102.05 hours at an average charge out rate of £160.67.

Included within the proposals below is a resolution regarding the Joint Administrators' remuneration, although if a creditors' committee is appointed approval of the Joint Administrators' remuneration will be the committee's responsibility. For your guidance we attach a Creditors Guide to Administrators fees together with a document that outlines the policy of BDO Stoy Hayward LLP in respect of fees and disbursements.

9 Possible outcomes for the company and Creditors

The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the company. It is the Joint Administrators' recommendation and proposal, as detailed below, that once realisations are sufficiently completed the company should move from administration to liquidation and that Geoffrey Stuart Kinlan and Anthony Sanderson be appointed joint liquidators. The choice of liquidators is a matter for the creditors to consider.

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

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration. Approval of these proposals will be considered by the meeting of creditors to be held on 17 May 2005.

Formal Proposals - the Joint Administrators propose that they:

- (a) to continue to manage the company's business and realise assets in accordance with objective 2 of the statutory purpose of the Administration, and
- (b) to exit the administration by way of a Creditors' Voluntary Liquidation and that Geoffrey Stuart Kinlan & Anthony Sanderson will be Joint Liquidator.

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators.

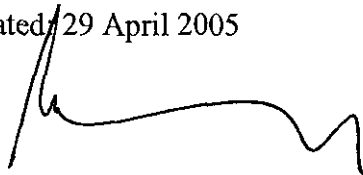
- (c) To consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)

In the absence of a creditors committee, to

- (d) Approve the remuneration of the Joint Administrators on a time costs basis

- (e) That the costs of BDO Stoy Hayward LLP are approved in respect of time incurred pre-appointment totalling £11,044.50. Such costs to be paid from funds held by the Joint Administrators.

Dated 29 April 2005

A handwritten signature in black ink, appearing to read 'G. Kinlan', written over a horizontal dotted line.

Geoffrey Stuart Kinlan
Joint Administrator

132/RD/RDadm681/C6

Waterside Press (Hatfield) Limited
Statutory Information

Appendix 1

**Waterside Press (Hatfield) Limited
In Administration**

Statutory Information

Company Number: 02895622

Date of Incorporation: 8 February 1994

Address of Registered Office: Prospect Place, 85 Great North Road, Hatfield,
Hertfordshire, AL9 5BS

Formerly Swan House, 14 Watchmead, Welwyn
Garden City, Hertfordshire, AL7 1LT

Directors: James Henry Nicholson
Robin Anthony Brooke
Neil Gordon Fraser
David William Kitching
Arthur Stanley Newby

Company Secretary: Robin Anthony Brooke

Nominal Share Capital: £100 - divided into 100 ordinary shares of £1 each

Registered Shareholders: **No of £1 ordinary shares held**

James Henry Nicholson	76
Robin Anthony Brooke	12
Arthur Stanley Newby	12
	<hr/>
	100
	<hr/>

Trading Results:

Period ending	Turnover £	Gross Profit £	Net Profit (after tax and dividends) £	Directors' remuneration £	Balance on P & L A/c £
1 July 2004 to 31 December 2004 (management accounts)	2,299,749	1,459,295	(111,945)	Not known	95,803
31 March 2003 (audited accounts)	Not known	1,951,893	22,132	Not known	617,571
31 March 2002 (audited accounts)	Not known	1,863,386	(218,331)	Not known	595,439
31 March 2001 (audited accounts)	Not known	2,023,155	87,141	Not known	813,770

Waterside Press Hatfield Ltd - In Administration

Estimated Financial Statement as at 8 March 2005

	Book Values	
	£	£
Assets		
Book Debts	435,982	
HSBC Invoice Finance (UK) Ltd	(305,982)	<u>130,000</u>
 Financed Assets	1,142,452	
HSBC Asset Finance (UK) Ltd	(1,044,976)	<u>97,476</u>
 Plant & Machinery	200,000	
Fixtures & Fittings	12,284	
Computers & Software	24,565	
Vehicles	42,667	<u>279,516</u>
 Total Assets		<u><u>506,992</u></u>
 Liabilities		
Trade Creditors	558,699	
PAYE/NIC	44,855	
 Total Liabilities		<u><u>603,554</u></u>
 Total Assets less Total Liabilities		<u><u>(96,562)</u></u>

Waterside Press (Hatfield) Limited
(In Administration)

Joint Administrator's Abstract Of Receipts And Payments
To 29/04/2005

	Total
RECEIPTS	£
Sales	2,628.00
Book Debts	458.00
Cash at Bank	11,942.04
Trade Debtors	279.00
	<hr/>
	15,307.04
	<hr/>
PAYMENTS	
Purchases (1)	2,071.97
Direct Labour	6,502.96
Carriage	450.00
Statutory Advertising	118.38
Bank Charges	8.00
Vat Receivable	462.06
	<hr/>
	9,613.37
Balances in Hand	5,693.67
	<hr/>
	15,307.04
	<hr/> <hr/>

Name of Assignment

Waterside Press (Hatfield) Ltd - In Liquidation

Summary of Time Charged and Rates Applicable for the Period From 08/03/2005 to 29/04/2005

Description	PARTNER		MANAGER		SENIOR ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT £
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
Steps upon Appointment	0.40	138.00	9.00	2,187.00	16.80	1,801.50			26.20	4,126.50	157.50
Planning and Strategy					2.25	317.25			2.25	317.25	141.00
General Administration	9.00	2,862.00	3.75	911.25	10.90	1,382.00	0.25	12.75	23.90	5,168.00	216.23
Assets Realisation/Dealing					21.20	2,977.00			21.20	2,977.00	140.42
Trading Related Matters					20.00	2,640.00			20.00	2,640.00	132.00
Employee Matters					5.50	745.00			5.50	745.00	135.45
Reporting					3.00	423.00			3.00	423.00	141.00
	9.40	3,000.00	12.75	3,098.25	79.65	10,285.75	0.25	12.75	102.05	16,396.75	

Net Total	16,396.75
Disbursements	1,436.89
Grand Total	17,833.64

1 Introduction

- 1.1** When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1** Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1** The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1** The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed and, if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

- 4.2** If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. *If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.*

- 4.3** There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case a resolution of the creditors shall be taken as passed if, and only if, passed with the approval of –

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors – each secured creditor of the company; and
- preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

- 4.4** A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

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

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

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

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

- Pre Appointment Matters
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management

- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

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

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

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

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

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

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

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

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

6 What if a creditor is dissatisfied?

- 6.1** If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1** If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1** Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2** If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.



BDO Stoy Hayward LLP

Waterside Press (Hatfield) Limited - In Administration

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

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

GRADE	£
Partner	318
Manager	243
Senior Administrator	141
Administrator	112
Junior Administrator	80
Support staff/Secretary	51

The rates charged by BDO Stoy Hayward LLP, Prospect Place, 85 Great North Road, Hatfield, Hertfordshire, AL9 5BS are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

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

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

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

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate (17.5% as at 2003).



BDO Stoy Hayward LLP

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

Other Costs

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

Category 1

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

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

Where applicable, disbursements will be subject to VAT at the prevailing rate (17.5% as at 2003).

Category 2

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

BDO Stoy Hayward LLP

29 April 2005