

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Disability West Midlands

Company number

03022974

In the High Court
Birmingham District Registry

(full name of court)

Court case number
2370 of 2005(a) Insert full
name(s) and
address(es) of
administrator(s)I
Andrew Appleyard
Haines Watts
Canterbury House
85 Newhall Street
Birmingham
B3 1LH

administrator of the above company attach a progress report for the period

From

18 April 2005

To

17 October 2005

(b) Insert date

Signed


Administrator

Dated

19 May 2006

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

Andrew Appleyard
Haines Watts
Canterbury House
85 Newhall Street
Birmingham
B3 1LH

DX Number

0121 212 4477
DX ExchangeA42
COMPANIES HOUSE

A7R2DFDY

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24/05/2006

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

**Disability West Midlands
(In Administration)**

**Income and Expenditure Account
To 04 November 2005**

	Fixed Charge £	Floating Charge £	Total £
INCOME			
Sales		16,974.94	16,974.94
Furniture & Equipment		900.00	900.00
Book Debts		9,871.54	9,871.54
Insurance Refund		308.75	308.75
Cash at Bank		318,240.83	318,240.83
Bank Interest Gross		5,617.20	5,617.20
Bank Interest Net of Tax		1,263.63	1,263.63
	0.00	353,176.89	353,176.89
EXPENDITURE			
Purchases (1)		7,624.81	7,624.81
Direct Labour		76,565.62	76,565.62
Rents		1,417.00	1,417.00
Travel		713.07	713.07
Telephone		761.90	761.90
Professional Fees		1,957.34	1,957.34
Vehicle Running Costs		299.00	299.00
Specific Bond		150.00	150.00
Office Holder's Fees		33,588.25	33,588.25
Accounting Assistance		2,000.00	2,000.00
Travel A Appleyard		10.00	10.00
Agents/Valuers Fees		50.00	50.00
Legal Fees		3,695.23	3,695.23
Companies House Searches		3.00	3.00
Statutory Advertising		607.04	607.04
Insurance of Assets		262.51	262.51
Bank Charges		21.00	21.00
To Supervisor Trust Monies		88,963.67	88,963.67
To supervisor general funds		217,677.76	217,677.76
	0.00	436,367.20	436,367.20
Balance	0.00	(83,190.31)	(83,190.31)

MADE UP AS FOLLOWS

Input VAT	7,603.21
Trust Monies Received	(85,808.00)
Pension Conts	(915.24)
PAYE & NIC Liability Transfer to CVA	(4,120.28)
Petty Cash	50.00
	(83,190.31)

**Disability West Midlands – In Administration****Administrator's Progress Report****1. Statutory details**

Details of Appointing Court	Birmingham District Registry
Court Reference Number	2370 of 2005
Administrator's Name	Andrew Appleyard
Administrator's Address	Haines Watts 5 th Floor Canterbury House 85 Newhall Street Birmingham B3 1LH
Date of Appointment	18 April 2005
Appointor	Company
Extensions to time period of Administration	13 October 2006 (Court order dated 12 April 2006)

2. Matters Achieved to date**Validity of a Company Voluntary Arrangement**

As previously reported, the Administration was entered into with either the intent of proposing a Company Voluntary Arrangement to creditors, which was approved on 4 November 2006.

Shortly after the Company Voluntary Arrangement was approved, a firm of solicitors at an insolvency conference raised a doubt as to whether a Company Voluntary Arrangement can validly bind certain employee claims due to inconsistencies between the Insolvency Act 1986 (the Act from which CVAs are derived) and the Employment Rights Act. If certain employee claims are not bound then this will leave these creditors outside the arrangement and will mean that the arrangement is likely to fail. The principal potentially unbound claim is for redundancy payments which have been paid to the employees by the Department of Trade & Industry "DTI" who now



occupies the employees' position as a creditor. The potential problem with the validity of CVAs involving certain employees' claims affects other cases as well as DWM.

We have taken advice from a Barrister on another larger case who confirmed there was an inconsistency between the Insolvency Act 1986 and the Employment Rights Act but he could not give certain advice as to the legal ramifications of the inconsistency. We have now sought a judicial ruling in the subject with the original hearing being set down for 5 April 2006. However at the request of the DTI this hearing was adjourned until September 2006, however following our representations this hearing has now been brought forward to 10 July 2006. Consequently we will not know if the CVA is valid until that date.

It is important to determine if the CVA is valid for under the terms of the CVA certain assets have been ascribed for the benefit of CVA creditors and other assets fall outside the CVA and will be for the benefit of non-CVA creditors (i.e. those arising post CVA.) Until the validity of the CVA is determined I have retained my role as Administrator and will seek a discharge from that role if the CVA is validated.

Continuity of the Charity

The CVA was undertaken to achieve two purposes:

- (1) An efficient method of distribution of the funds to creditors
- (2) To achieve the rehabilitation of DWM as a charity

Unfortunately, despite everyone's best efforts, DWM was not awarded its major grant for 2006/2007 and as a result could not continue to function. DWM has now closed and all staff have been made redundant.

Asset Realisations

Since the date of the CVA acceptance the following realisations have been made:

(i) Assets Falling within the CVA

- (1) The balance of New Outlook grant monies of £28,880.00 have now been received.

(ii) Assets Outside the CVA

There has been a sale of sundry office equipment and computers and we are presently seeking a sale of the Ford Focus motor car which will hopefully realise in excess of £4,000.00.

(iii) Sundry Assets

We have had notification of the following potential assets which may or may not fall within the CVA if the CVA is found to be valid.



- (1) DWM has been left a legacy in a will. The monies ultimately received will depend on the proceeds of a house (divisible between a number of bequests) and the costs of the solicitors who act as executors.
- (2) I have been notified that a further sum of money has been forwarded to DWM in relation to an old bequest managed by another charity. Until the exact terms of the original bequest are determined, it is not possible to say if these monies are trust monies or if they can be used to pay creditors either within or outside the CVA

3. Administrator's/ Supervisor's Fees

The approval of the drawing of my fees in a time cost basis as both Administrator and Supervisor was approved by creditors at respective meetings. I have set out below details of my fees up to and after the date of the CVA.

Our time costs are analysed as follows:

Hours						Time Cost £	Average hourly rate £
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration and statutory compliance	9.50	14.85	0.20	4.75	29.30	5747.00	196.14
Investigations	0.00	0.00	0.00	0.00	0.00	N/A	N/A
Realisation of assets	19.50	0.00	1.00	6.00	26.50	5597.00	211.21
Trading	60.25	1.75	0.00	0.00	62.00	15467.50	249.48
Creditors	3.50	14.75	0.50	9.85	28.60	4774.25	166.93
Case Management	45.00	4.50	1.00	0.00	50.50	10045.00	239.90
Total hours	137.75	35.85	2.70	20.60	196.90		211.43
Total fees due (£)						41630.75	



4. Receipts and Payments Account

Attached is a current statement of Receipts and Payments for the period of the Administration.

5. Conclusion

I will continue either as Supervisor or Administrator to maximise realisations for creditors and to achieve the earliest possible distribution of funds.

If you require any further information or clarification on any matter, please do not hesitate to contact my office.

A handwritten signature in black ink, appearing to be 'A Appleyard', written in a cursive style.

**Andrew Appleyard
Administrator and Supervisor**

Date: 9 May 2006



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Andrew Appleyard
Administrator and Supervisor

Date: 9 May 2006