

Rule 1.26/
1.54

The Insolvency Act 1986
Notice to Registrar of
Companies of Supervisor's
Abstract of Receipts and
Payments

Pursuant to Rule 1.26(2)(b) or
Rule 1.54 of the
Insolvency Rules 1986

R.1.26(2)(b)/ R.1.54

For Official Use

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To the Registrar of Companies

Company Number

3073655 2359749

Name of Company

McCarthy Corporation Plc

I/~~We~~
Paul Howard Finn
Tong Hall
Tong
West Yorkshire
BD4 0RR

supervisor(s) of a voluntary arrangement taking effect on

26 June 2003

present overleaf my/~~our~~ abstract of receipts and payments for the period from

26 June 2004

to

25 June 2005

Number of continuation sheets (if any) attached

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Signed

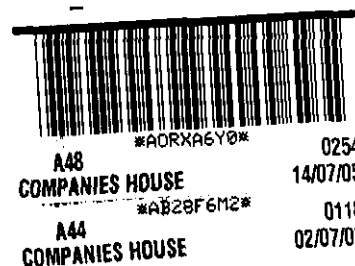
Date

27/06/2005

Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR

Ref: MCCA749/AC

Ins



RECEIPTS		£
Brought forward from previous Abstract (if any)		123.38
Book Debts		22,676.72
Rates Refund		2,998.10
Bank Interest Gross		82.50
Carried forward to		25,880.70
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if any)		0.00
Specific Bond		120.00
Supervisor's Fees		10,000.00
Supervisor's Disbursements		2,764.11
Tax on Interest Received		16.48
Vat Receivable		2,238.96
Carried forward to		15,139.55
* continuation sheet / next abstract		

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed.

FinnAssociates

*business***care**

Our Ref : PHF/JDR/MCCA749
30 June 2005

CENTRAL ADMINISTRATION
Tong Hall Tong West Yorkshire BD4 0RR

Telephone: 0870 330 1900
Facsimile : 0870 330 1901
E-mail : leeds@finnassociates.co.uk
www.finnassociates.co.uk

To the Creditors & Members

Dear Sirs

McCarthy Corporation Plc – in Company Voluntary Arrangement (“the company”) High Court of Justice CVA No. 3294 of 2003

The arrangement commenced with effect from 26 June 2003 and is due to be concluded on 25 June 2005, subject to the Supervisor's power at his sole discretion to extend the arrangement to 25 June 2006.

Pursuant to Rule 1.26 of the Insolvency Rules 1986, I write by way of a second annual report on the conduct of my administration to date.

Receipts and Payments

I enclose a copy of my up to date Receipts and Payments Account which should be read in conjunction with this report.

Realisations

Since my last report, I have received a Business Rates refund of £2,998.10 in respect of the company's former trading address, and recovered a book debt in the sum of £22,676.72.

Sundry Assets

The proposal provides for the realisation of the company's chattel assets – these consist of fixtures and fittings (four oil paintings) and office furniture and equipment. As reported previously, professional agents have already advised that the furniture and

Partners

P.H. Finn (ICAEW) P.J. Wade P.A. Finn J. Finn J.A.W. Finn

Consultants

P. Bracken (VAT Compliance) H. Davies BA(Hon) MBA RIBA (Property/Infrastructure) J. D. Hamilton ACIB (Banking)
J. Holland (Forensic) J.A. Horton FCA FIPA (Corporate Recovery) N. T. O'Driscoll FCCA (Corporate Recovery)
P. Redmond MA(Oxon) (Corporate Finance)

London Office

Four The Chandlery 40 Gowers Walk London E1 8BH Telephone 020 7481 4880 Facsimile 020 7481 4881

Associated Regional Offices

Beckenham Birmingham Bournemouth Bracknell Doncaster Exeter High Wycombe Hull Leicester
Manchester Mansfield Newcastle Plymouth Stockton-on-Tees Stoke-on-Trent Swansea Tewkesbury
Wolverhampton Woodbridge

equipment was of no realisable value and these items are now being stored by the directors at their own expense.

As regard the paintings, despite marketing these for sale, through a reputable art gallery, over a period of around 6 months no offers were forthcoming. The paintings will now be stored, pro tem.

Basis of the Arrangement – Claim against KPMG

The basis of the arrangement is that with funding organised by the directors, the company pursues a claim against its former financial advisers and auditors, KPMG (Canada). The proceeds of the litigation, or any settlement thereof, are to be made available to meet the costs of the arrangement and claims of the creditors of the company in full, together with statutory interest. Additionally, creditors are to receive a “bonus” payment of 20% of net recoveries, up to a maximum of a further 100% of their claims, plus interest.

The Supervisor is to take no active part in the proceedings, although the directors are to provide him with progress reports. A brief update, as advised by the directors, now follows. Creditors will note that the “case proper” is anticipated to commence shortly.

Legal Update

Creditors will note from the Supervisor’s last annual report that the case proper against KPMG was due to begin before the end of 2004 as lawyers representing KPMG had filed motions to strike out the case following the initial statement of claim issued in April 2003.

Unfortunately, and due to further motions to strike out requested by KPMG, the case proper has still not begun. The latest of these motions is due to be heard by the Court on 08 July 2005.

Lawyers representing McCarthy Corporation have advised that, on the reasonable assumption that the case will not be struck out at that stage, an order will be sought on the same day to set the action down for trial by the end of this year. They further go on to comment that this order should force the parties to be timelier in moving the action forward.

Continuance of Arrangement

Paragraph 9.2.1 of the Proposal states

“It is proposed that the voluntary arrangement should last for 24 months from the date of the creditors’ meeting, save that the duration may be extended to 36 months at the sole discretion of the Supervisor in the event of difficulty in implementing any of the terms of the arrangement.”

The company was placed into a Company Voluntary Arrangement on 26 June 2003. According to the above paragraph, therefore, the arrangement is due to cease on 25 June 2005.

However, given that the case proper against KPMG has not yet started, the Supervisor has elected to use his discretion and hereby extends the duration of the arrangement for a further period of twelve months in order to allow for the continuance of the action.

Supervisor's Remuneration

Time costs to date total £13,219.80, representing 81.60 hours at an average rate of £162.00, against which £10,000 has been drawn on account.

In accordance with Statement of Insolvency Practice No. 9 (a copy of which is enclosed), the Supervisor's remuneration is further analysed as follows

Activity Analysis	Hours				Total	Total £	Average per hour £
	Fee Earner	Partner	Manager	Other Professional	Assistant & Support		
Administration and Planning		9.80	3.70	2.20		15.70	3815.50
Investigation			0.60			0.60	90.00
Creditors		6.10	19.50	12.90		38.50	5595.00
General		0.20	13.90	0.20	3.30	17.60	2207.30
Realisation of Assets		1.00	7.70	0.50		9.20	1512.00
TOTAL HOURS		17.10	45.40	15.80	3.30	81.60	
TOTAL TIME COSTS £		5563.00	6643.00	947.00	66.80	13219.80	
AVERAGE HOURLY RATE £		325.32	146.32	59.94	20.24		162.00

The work that has been carried out to date within the arrangement derives from the responsibilities placed upon the Supervisor by the underlying legal and regulatory framework for work of this nature. The Supervisor believes this case to be of average complexity with no exceptional responsibility attaching thereto.

Supervisor's Disbursements

Finn Associates have been paid £2,764.11 plus VAT in respect of the following disbursements

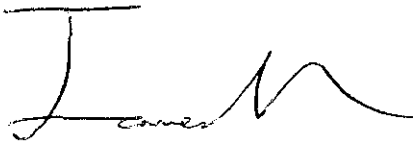
	£
Telephone & Facsimile	114.00
Photocopying	1654.04
Postage	911.57
Company Search	24.50
Court Fees	60.00
	<u>2764.11</u>

Cooperation with the Supervisor

The Supervisor is satisfied that the directors are continuing to cooperate with him in the implementation of the arrangement.

The Supervisor is further satisfied that the directors are taking reasonable steps to ensure that the company complies with its obligations pursuant to the terms of the arrangement generally.

Yours faithfully

A handwritten signature in black ink, appearing to read 'J D Robinson', with a stylized flourish at the end.

J D Robinson for
P H Finn
Supervisor of McCarthy Corporation PLC

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