

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company Sweetmans Holdings Limited	Company number 03346374
In the Cardiff District Registry	Court case number 1027 of 2005

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

I/We (a) Keith R Morgan & Philip James Long of PKF (UK) LLP, 18 Park Place, Cardiff, CF10 3PD

administrator(s) of the above company attach a progress report for the period

	from	to
(b) Insert dates	(b) 4 November 2005	(b) 9 March 2006

Signed

Keith R Morgan
Joint / Administrator(s)

Dated

4/4/06

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help

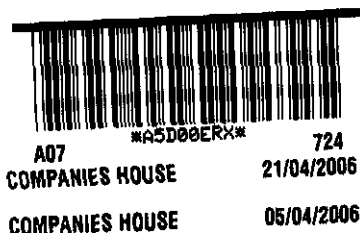
Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Keith R Morgan PKF (UK) LLP	
18 Park Place Cardiff	
CF10 3PD	
	Tel 02920 646200
DX Number	DX Exchange

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





Accountants &
business advisers

Our ref: KRM/AWE/sc/4001388

10 March 2006

Dear Sirs

Sweetmans Holdings Limited – In Administration
Administrator's final report to creditors

I write to advise that it is now my intention to conclude the above Administration.

The following documentation is attached:

1. The Joint Administrators' final report.
2. Formal notice convening a meeting of creditors.
3. Notice of move from Administration to Creditors' Voluntary Liquidation.
4. Abstract of the Receipts and Payments Account of the Joint Administrators' from 4 November 2005 to 9 March 2006.
5. A Creditors Guide to Administrators Fees.

If you do not wish to attend this meeting, please complete and return the enclosed Proxy form. You will note that the form has been part completed with the relevant resolution for sanction to be confirmed. Please delete either 'for' or 'against' on the Proxy form and name a Proxy Holder.

Yours faithfully

Keith R Morgan
Joint Administrator
PKF (UK) LLP

Tel 029 2064 6200 | Fax 029 2064 6201

Email k.morgan@uk.pkf.com | www.pkf.co.uk

PKF (UK) LLP | 18 Park Place | Cardiff | CF10 3PD | DX 50791 Cardiff 2

Important notice Partners and staff of PKF (UK) LLP acting as administrative receivers or administrators contract without personal liability. All insolvency appointment takers of PKF (UK) LLP are authorised by The Institute of Chartered Accountants in England and Wales, except R Barclay, W Duncan and B Jackson who are authorised by The Institute of Chartered Accountants of Scotland.

PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487.

A list of members' names is open to inspection at Farringdon Place, 20 Farringdon Road, London EC1M 3AP, the principal place of business and registered office. PKF (UK) LLP is authorised and regulated by the Financial Services Authority for investment business activities. The PKF International Association is an association of legally independent firms.

**Administrators'
Final Report to Creditors**

**Sweetmans Holdings Limited
In Administration**

10 March 2006

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Appendices

- 1 Receipts and Payments Account to 9 March 2006
- 2 Analysis of Administrators' Time Costs to 9 March 2006
- 3 A Creditors Guide to Administrators Fees

1 Administrators' strategy

- 1.1 As previously reported the directors had sold the freehold property at 44 Sway Road, Morriston, Swansea for the sum of £200,000 in September 2005.
- 1.2 The Administrators were appointed over the company to ensure that all the assets held within the group were secure as from the company records it was not clear which company owns each asset.

2 Assets

Freehold property

- 2.1 As reported the directors sold the freehold property at 44 Sway Road prior to our appointment.
- 2.2 Upon reviewing the sale agreement it has been confirmed that a further payment of £350,000 will be due from the purchaser of the freehold once planning permission is granted for the future development of the site.
- 2.3 The purchasers solicitor has advised that they anticipate receiving planning consent within the next few months.

3 Liabilities

Secured creditor

- 3.1 HSBC Bank plc holds a debenture dated 2 April 2003 creating a fixed and floating charge over the company's assets. The company has also cross guaranteed the borrowing with the other companies within the group. The total group indebtedness due to the bank is £424,985

Preferential creditors

- 3.2 HSBC Bank plc have a preferential claim with regard to the payment of the employee wages.

Unsecured creditors

- 3.3 To date five creditors have submitted their claims with a combined total value of £150,747.82.

4 Receipts and Payments

- 4.1 A receipts and payments account from the date of the Administrators' appointment (4 November 2005) to 9 March 2006 is attached at appendix 1.
- 4.2 At present the Administrators hold a balance of £100.

5 Joint Administrators' Remuneration

- 5.1 At the first meeting of creditors it was resolved that the Joint Administrators be paid for their work on a time cost basis.
- 5.2 For your information, we have incurred time costs totalling £6,338 at an average hourly rate of £156 for the period to 9 March 2006. An analysis of this time, in accordance with the Statement of Insolvency Practise No.9, is attached as Appendix 2, which also shows the charge out rates utilised by PKF for charging staff time. Also attached as appendix 3 is a copy of the Creditor Guide to Administrators fees.
- 5.3 To date no fees have been drawn in respect of post appointment work undertaken and no disbursements have been charged by the Administrators.

6 Proposed Exit Route

- 6.1 As previously reported the exit route from Administration is to be by means of a Creditors Voluntary Liquidation.
- 6.2 The following resolution will be considered at a meeting of creditors to be held on 30 March 2006:
- (i) That the Joint Administrators, Keith R Morgan and Philip J Long of PKF (UK) LLP, be appointed as Joint Liquidators of the company.

7 Liquidation

- 7.1 In addition to the statutory requirements of a liquidation the Liquidators' main duties will also be to monitor the progress of the planning application

8 Conclusion and Recommendations

- 8.1 It is the Administrators' view that the Administration has been a success and achieved its main aim of safeguarding the company's assets and thereby maximise their realisable value.
- 8.2 The resolution being proposed at the meeting of creditors to be held on 30 March 2006 is that the Joint Administrators Keith R Morgan and Philip J Long of PKF (UK) LLP be appointed as joint liquidators of the company. Creditors have the right to nominate a different person as the proposed liquidator should they wish.

Rule 2.35

Notice of a meeting of Creditors

Name of Company

Sweetmans Holdings Ltd

Company number

03346374

In the High Court of Justice
Cardiff District Registry

(full name of court)

Court case number
1027 of 2005(a) Insert full name(s)
and address(es) of
administrator(s)

Notice is hereby given by (a)

Keith R Morgan
PKF (UK) LLP
18 Park Place
Cardiff
CF10 3PDPhilip James Long
PKF (UK) LLP
18 Park Place
Cardiff
CF10 3PD(b) Insert full name and
address of registered
office of the company

that a meeting of creditors of (b)

Sweetmans Holdings Ltd
18 Park Place
Cardiff
CF10 3PD(c) Insert details of place
of meeting

is to be held at

(c) 18 Park Place, Cardiff, CF10 3PD

(d) Insert date and time
of meeting

on (d) 30 March 2006

at 11.00am

The meeting is:

*Delete as applicable

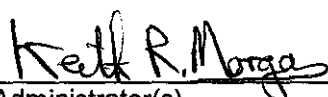
~~*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')~~
~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~
~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~
~~*(4) a further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

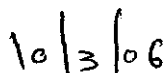
In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed



Joint / Administrator(s)

Dated



The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

2.34B

Name of Company

Sweetmans Holdings Limited

Company number

03346374

In the High Court of Justice
Cardiff District Registry

(full name of court)

Court case number
1027 of 2005(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a) Keith R Morgan
PKF (UK) LLP
18 Park Place
Cardiff
CF10 3PD

Philip James Long
PKF (UK) LLP
18 Park Place
Cardiff
CF10 3PD

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

having been appointed administrator(s) of (b) Sweetmans Holdings Limited,
18 Park Place, Cardiff, CF10 3PD

(c) Insert date of
appointment

on (c) 4th November 2005

(d) insert name of
appointor/applicant
(e) Insert name(s)
and address(es) of
liquidator(s)

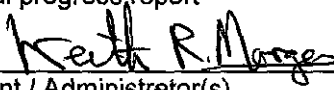
by (d) High Court of Justice, Cardiff District Registry

hereby give notice that:

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is
proposed that (e) Keith R Morgan and Philip J Long, of PKF (UK) LLP, 18 Park Place, Cardiff, CF10
3PD
will be the liquidator(s) of the company (IP No(s) 6831 & 2086)

We attach a copy of the final progress report

Signed


 Joint / Administrator(s)

Dated

10/3/06

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
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Keith R Morgan
PKF (UK) LLP
18 Park Place
Cardiff
CF10 3PD

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will be visible to searchers of the
public record

DX Number

029 2064 6200
DX Exchange

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

**Sweetmans Holdings Limited
In Administration**

**Joint Administrator's Abstract of Receipts and Payments
Period from 4 November 2005 to 9 March 2006**

Receipts	£
Insurance refund	<u>100.00</u>
	100.00
Payments	
	<u>0.00</u>
	<u>0.00</u>
Balance in hand	<u>100.00</u>

**SWEETMANS HOLDINGS LIMITED
IN ADMINISTRATION**

**ANALYSIS OF JOINT ADMINISTRATORS TIME COSTS
TO 9 MARCH 2006**

Classification of work function	Partner/ Director	Senior Manager/ Manager	HOURS		Total Hours	Time Cost £	Average Hourly Rate £
			Supervisor/ Senior Admin	Admin/ Assistant			
Admin & Planning	5.80	7.50	0.05	12.26	25.61	3,653.30	142.65
Realisation of assets	3.20	-	-	-	3.20	768.00	240.00
Creditors	4.00	3.75	-	0.60	8.35	1,645.50	197.07
Investigations	-	-	-	-	-	-	-
Other case specific matters	-	-	-	3.40	3.40	272.00	80.00
Total hours	13.00	11.25	0.05	16.26	40.56		
Total costs (£)	3,120.00	1,912.50	5.50	1,300.80		6,338.80	156.28

Staff Hourly Charge Out Rates

Partner/Director	£240.00
Senior Manager/Manager	£170.00
Supervisor/Senior Admin	£110.00
Administrator/Assistant	£80.00

Proposed rates for internal disbursements charged by PKF (UK) LLP

Postage	charged at actual cost
Photocopying and fax	recharged at 10p per sheet
Microfiche and files	recharged at actual cost
Archiving files on closure	£12.50 per file
Telephone	recharged at actual cost
Room hire	charged at £50 per meeting
Storage	charged at actual cost

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

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, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by 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, having regard to the same matters as the committee would.

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, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested 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 subcontractors, 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.

9. Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charged out;

- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office. The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

SIP 9 VERSION 4 – AUGUST 2005

Proxy (Administration)

Sweetmans Holdings Limited

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 for 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

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. 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 30 March 2006, 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/AGAINST*** the appointment of Keith R Morgan and Philip J Long as Joint Liquidators of the company.

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

