

The Insolvency Act 1986

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

Name of Company BERRYS DIRECT LIMITED	Company number 03400140
In the High Court of Justice [full name of court]	Court case number 4034 of 2005

- (a) Insert full name(s) and address(es) of administrator(s) I/We (a) S D Swaden & N A Bennett of Leonard Curtis & Co, One Great Cumberland Place, Marble Arch, London W1H 7LW

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

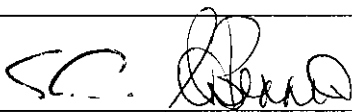
A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date

(b) 5 August 2005

Signed



S D Swaden & N A Bennett - Joint /
Administrator(s)

Dated

5 August 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

Leonard Curtis & Co	
One Great Cumberland PlaceMarble Arch, London,	
W1H 7LW	Tel 020 7535 7000
DX Number	DX Exchange

A25
COMPANIES HOUSE

0678
10/09/05

COMPANIES HOUSE

06/08/05

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

Please ask for : **Stephen Briggs**
Our ref : **SWB/4/BER07/1010**
Your ref :

LEONARD  CURTIS
BUSINESS RECOVERY AND INSOLVENCY • CHARTERED ACCOUNTANTS

3 August 2005

TO ALL CREDITORS
PRIVATE AND CONFIDENTIAL

LEONARD CURTIS & CO
ONE GREAT CUMBERLAND PLACE
LONDON W1H 7LW
Telephone: 020 7535 7000
Fax: 020 7723 6059
Email: solutions@leonardcurtis.co.uk
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Dear Sirs

BERRYS DIRECT LIMITED (IN ADMINISTRATION)

I refer to my appointment as Joint Administrator of the above Company on 21 June 2005 and enclose for your attention my formal report and proposals.

Included in the report is a notice of the initial meeting of creditors in this matter which is to be held on 19 August 2005 together with a form of proxy. Please ensure that the proxy form is returned to this office no later than 12 noon on the business day prior to the meeting.

Should you have any queries or require any further clarification please contact my office, **in writing**. Electronic communications should also include a full postal address.

Yours faithfully
for and on behalf of
BERRYS DIRECT LIMITED



S D SWADEN FCA
Joint Administrator

Enc:



COMPANIES HOUSE

10/09/05

LEONARD CURTIS

BUSINESS RECOVERY AND INSOLVENCY • CHARTERED ACCOUNTANTS

BERRYS DIRECT LIMITED (IN ADMINISTRATION)

Company Number 3400140

**Joint Administrators' report to the creditors of the above
Company pursuant to the provisions of Paragraph 49 of
Schedule B1 to the Insolvency Act 1986**

3 August 2005

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**Joint Administrators' Report to Creditors Pursuant to the Provisions of Paragraph 49 of
Schedule B1 of the Insolvency Act 1986**

**TO: THE REGISTRAR OF COMPANIES
THE COURT
ALL CREDITORS**

1 INTRODUCTION

- 1.1 I refer to my letter to all known creditors dated 22 June 2005 advising of my appointment as Joint Administrator of Berrys Direct Limited ("the Company") on 21 June 2005 and now write to present my proposals (Appendix A) for the Company pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986. I enclose formal notice of a meeting of creditors (Appendix F) convened pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986 at which these proposals will be considered. I also enclose a form of proxy (Appendix G) which should be completed and returned, together with a statement of your claim, to enable you to vote at the meeting.
- 1.2 The creditors may approve the proposals, with or without modifications, subject to the Joint Administrators accepting any modifications. If the creditors reject the proposals, a report will be sent to the Court confirming that the creditors have rejected the proposals. The Court may then either provide for the appointment of the Administrators to cease to have effect or make any other Order that it thinks appropriate.
- 1.3 The meeting may, if it thinks fit, establish a Committee to assist the Joint Administrators in discharging their duties.
- 1.4 The purposes of Administration as defined in Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 are:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved)
 - (b) 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), or (if (a) and (b) cannot be achieved)
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice under Court reference number 4034 of 2005.
- 2.2 The full name of the Company is Berrys Direct Limited. Its registered office was changed from 72 New Cavendish Street, London W1M 8AU to One Great

Cumberland Place, Marble Arch, London W1H 7LW on 24 June 2005. The registered number is 03400140. Trading names used by the Company included Berrys Solutions and Berrys of Holborn.

- 2.3 The notice of intention to appoint Administrators was given by Mr Neal Menashe, a director of the Company on 20 June 2005 and filed in the High Court on the same day. The notice of appointment of Administrators was signed by Mr Menashe on 21 June 2005 and filed in the High Court on the same day. In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.
- 2.4 It is considered that the EC Regulation No. 1346/2000 on insolvency proceedings does apply because the Company is not one of the institutions outlined in Article 1.2 of the EC Regulation. In the absence of any evidence to the contrary it is my belief that the Company's centre of main interest is within the jurisdiction of England and Wales and the proceedings are main proceedings as defined in Article 3 of the EC Regulation.

3 HISTORICAL BACKGROUND, RECENT TRADING AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The directors of the Company are:

Name	Role	Date Appointed
N Jossel	Director and Secretary	1 October 1997
P Fortune	Director	1 April 2004
N Menashe	Director	1 April 2004

- 3.2 The Company's sole shareholder is Berry's Group Limited. The ultimate holding company is Berry's Holdings Limited which is incorporated in the Isle of Man.

- 3.3 The following is a summary from the Company's audited and other accounts:

	y/e 31 Jan 03 £	y/e 31 Jan 04 £	y/e 31 Jan 05 £	1 Feb 05 to 20 Jun 05 £
Turnover	14,172,397	11,943,652	9,567,028	2,497,012
Gross Profit	3,274,071	2,490,341	1,869,204	470,943
Directors' Remuneration	187,720	117,720	n/a	n/a
Dividends	Nil	Nil	Nil	Nil
Net Profit/(Loss)	14,891	(323,951)	(809,563)	(1,650,569)
Balance on P&L account	171,443	(252,507)	n/a	n/a
Called Up Share Capital	1	700,000	700,000	700,000
Source:	audit accounts	audit accounts	mgmt accounts	mgmt accounts

- 3.4 The Company has been in operation in the city of London for the last 50 years. From its small retail outlet located in Chancery Lane, it started by providing dictating equipment to many of the legal firms located within London's city centre. Over the

years, its product range has increased to include consumer electronics, consumables and an ever-expanding range of business machines. It became an established brand name within the City.

- 3.5 During the mid 1990's a substantial expansion in business occurred with the acquisition of a large warehouse situated at Staples Corner North West London. Additional staff were recruited and the Company became a supplier of a full range of office equipment and associated products. The Company began to supply large contract stationers and wholesalers with a range of products which gave Berrys substantial purchasing advantages. In recent years the market in which Berrys operates has become increasingly competitive and there has been a decrease in margins as manufacturers began to supply direct. There has been a loss of turnover recently and in particular a major customer, Viking Direct, was acquired by an American parent and Berrys services were no longer required.
- 3.6 Steps were taken to adjust for these changes in its operational environment. The Company sought to re-establish and increase its end user business with the addition of a stationery division. Alternative financial arrangements were put in place with an overdraft facility being replaced by invoice discounting arrangements.
- 3.7 In the last year the Company has implemented a programme of cost cutting and capacity reduction. The Staples Corner lease which terminated in April 2005 was not renewed and the warehouse function was transferred to an independent operator in Newcastle. A number of redundancies were implemented.
- 3.8 Unfortunately the Company's financial position has continued to suffer and the directors considered various methods of supporting the business. To that end new financial arrangements have been put in place.
- 3.9 The Company received an approach from Dudley Inkwell Limited ("DI") who proposed a purchase of certain of its business and assets. As no further sources of internal funding were available to the Company the directors were faced with the option of accepting an offer on the best terms available or closing the business. The Company instructed Messrs Edward Symmons & Partners to evaluate these options. Their conclusion was that an offer for business and assets on a going concern basis would provide a better return for all creditors than would be the case were it simply to close and be liquidated.
- 3.10 After negotiation a sale was concluded on 17 June 2005 whereby DI purchased certain of the business and assets of the Company for £127,504 on the following terms:

Asset	Consideration £
Goodwill	80,000
Premises	1
Fixed Assets	47,500
Customer Records	1
Business Names	1
Assumed Contracts	1
Total	127,504

The consideration has been received with the exception of £20,000 being held in escrow pending completion of the assignment of the lease of the Company's premises at Kingsway, London.

Under the terms of the Agreement, DI was also able to acquire from the Company such right and benefits as it had in stock nominated by them (DI) with a book value of up to £220,000 at a price of 35% of such book value. A sum of £77,000 has been paid for this stock. The Agreement also provided that the stock acquired by DI was subject to any valid claims to retention of title from unpaid suppliers.

In addition to the above DI will make a further payment for goodwill of between £180,000 and £1,040,000 based on a percentage of gross profit derived from trade with former customers of the Company in the subsequent 27 months.

DI also took over all of Company's the staff with the exception of directors

- 3.11 Following the sale of the business notice of intention to appoint administrators was given on 20 June 2005 and on 21 June 2005 my partner Neil Andrew Bennett and I were appointed Joint Administrators.

4 PRESENT FINANCIAL POSITION

4.1 Statement of Affairs

- 4.4.1 The directors of the Company have been requested to submit a statement of affairs as at the date of my appointment. Although this has not yet been submitted I understand that it is the course of preparation and will be lodged shortly.

- 4.1.2 In the meantime I enclose a summary of the financial position of the Company at the date of my appointment together with a list of the Company's creditors including their names and addresses and details of their debts, including any security held. This has been prepared from management accounts prepared at that date updated where necessary to reflect the sale of assets to DI.

- 4.1.3 Please note that no provisions have been made for costs and expenses of realisations, costs of the Administration and any corporation tax which may be payable. The following information is considered to be relevant and should be borne in mind when reading figures:

4.2 Deferred Consideration

- 4.2.1 This has been estimated at the mid point between the minimum and maximum figures mentioned in paragraph 3.10.

4.3 Secured Creditors

- 4.3.1 The charges in favour of Investec Bank (UK) Limited ("Investec") and Paramount Park Limited ("Paramount"), both unconnected parties, were created after the introduction of the Enterprise Act 2002. Dealing with each in turn:

4.3.2 Investec

This charge was created on 18 March 2005 to secure the sum of £500,000 advanced to the Company. It contains inter alia a fixed charge over the goodwill of the Company and floating charges over other assets.

For the time being the charge has been shown as repayable in full from the deferred sale consideration.

4.3.2 Paramount

This charge was created on 1 June 2005 and secures sums totalling approximately £1.48m subsequently advanced to the Company.

Among other things, and in addition to a fixed charge over the balance of the deferred goodwill consideration, it purports to create a specific fixed charge over the books debts of the Company which requires it to pay all debts into a blocked account nominated by Paramount.

Recent legal decisions provide that certain stringent criteria must be satisfied for a fixed charge over book debts to be valid. In my opinion, the charge in favour of Paramount goes a long way towards satisfying these criteria, although I have instructed solicitors to advise further.

For the time being the charge over book debts has been shown as fixed.

4.3 Prescribed Part

4.3.1 The prescribed part of assets set aside for ordinary unsecured creditors pursuant to the provisions of Section 176A of the Insolvency Act 1986 and the Insolvency Act 1986 (Prescribed Part) Order 2003 has been calculated at £74,516. This calculation has been made in line with the assumptions mentioned above regarding the charges of Investec and Paramount. This figure is shown gross and takes no account of costs.

4.3.2 Given the amount involved the Joint Administrators do not propose to make an application to the Court pursuant to the provisions of Section 176A(5)(a) of the Insolvency Act 1986 for an order that the costs of making a distribution to unsecured creditors would be disproportionate to the benefits.

4.4 Crown Claims

4.4.1 With effect from 15 September 2003 preferential status has been abolished for debts due to the Inland Revenue and HM Customs and Excise. Such debts now rank alongside other unsecured creditor claims.

4.5 Unsecured Claims

4.5.1 All unsecured claims are shown gross and no provision has been made for stock that might be returned to creditors under valid retention of title claims.

4.6 Nutley Holdings Limited

- 4.6.1 Historically the Company has always carried a substantial debt due to its ultimate parent, Berrys Holdings Limited. On 6 June 2005 this loan was assigned to Nutley Holdings Limited ("Nutley"), a Company registered in Monaco. I am told that Nutley is not connected to the Company.

5 EVENTS FOLLOWING THE ADMINISTRATORS' APPOINTMENT

- 5.1 At the date of my appointment the Company had for all intents and purposes ceased to trade following the sale of the majority of its business and assets. I have however dealt with the following matters:

5.2 Sale Agreement

- 5.2.1 I have reviewed carefully the terms of the sale agreement of 16 June 2005. I have also considered the report of Edward Symmons & Partners in which they evaluate the option available to the Company. They reported that if the sale did not proceed and the Company were forced to cease to trade they would expect realisations for stock and chattel assets to be in the order of £125,000- £150,000. On an orderly trade out they estimated that gross realisations could be in the region of £350,000- 375,000 although these did not include any provisions for the costs of realisation which would be considerably higher especially taking into account continuing rent and staff costs, quite apart from the problems that would be involved in dealing with retention of title.
- 5.2.2 In conclusion, their view was that the realisations from the sale to DI, particularly given the earn-out payment, would exceed those arising in a close down.
- 5.2.3 Edward Symmons & Partners are a well known firm with many years experience of insolvency related business disposals and at this stage I have no reason to doubt their conclusions. It is worth noting that as a result of the sale, all employees, with the exception of directors, were transferred to the purchaser, thus avoiding a considerable liability for accrued staff wages, holiday pay, notice and redundancy that would have been payable had the Company ceased to trade.
- 5.2.3 All sums due under the Agreement, with the exception of the £20,000 due on completion of the assignment of the Kingsway lease, have been paid to me.
- 5.2.4 The assignment of the Kingsway lease is proceeding, albeit slowly. Until it is completed the £20,000 balance of the initial purchase consideration will not be released.
- 5.2.4 I have asked DI for details of sales made subsequent to the Agreement and the calculation of the deferred consideration for June and July. The payment for June will be payable at the end of September 2005, July at the end of October 2005 and so on.

5.3 Retention of Title

5.3.1 Since my appointment I have been contacted by almost 40 suppliers claiming title to goods supplied to the Company. These claims have fallen into the following broad categories:

- i) If creditors can be identified as being the sole suppliers of a particular stock brand or item, any stock held by the Company is being offered back for full credit. If stock can be identified as having been acquired by DI, suppliers are being referred to that company. In some instances the Company has no stock from particular suppliers.
- ii) If creditors cannot be identified as being the sole suppliers of a particular stock brand or item any stock held by the Company they are being asked to provide additional means of identification such as serial numbers. In instances where these have been provided, they are currently being checked by warehouse staff against stock held. In cases where serial numbers, tally goods will be offered back. If no identification can be supplied or if serial numbers do not match, claims are being rejected.

5.3.2 On some occasions following the Agreement and prior to the date of my appointment, DI asked the Company to supply stock to them over and above that acquired under the Agreement at cost plus a handling charge of 2.5%. Given that the success of DI going forward is essential to the maximisation of the deferred income I have agreed to continue this arrangement in the Administration. Any stock sold to DI in this way that is subject to a valid retention of title claim will be paid for as an expense of the Administration. To date almost £23,000 worth of stock at cost (exc VAT) has been sold.

5.4 Other Assets

5.4.1 The collection of debts due to the Company is proceeding satisfactorily. Of the gross ledger of £1.1m due at the date of my appointment approximately £738,000 has been received. As many accounts are payable at the end of the month following the month of invoice all June debtors have now fallen due. As and when collections slow up, the balance of the ledger will be passed to a debt collection agency.

5.4.2 I will not be able to dispose of the balance of stock until all retention of title claims have been settled; this is likely to be within the next few weeks.

5.5 Investigations

5.5.1 My investigations into the affairs of the Company and the events leading up to my appointment are still at an early stage and I will report my conclusions to creditors at the appropriate time. In the meantime if creditors have any specific matters regarding the running of the Company and/or the conduct of its directors that they feel warrant investigation I would ask them to let me have full details in writing.

5.6 Professional Advisors Used

5.6.1 On this assignment I have used the professional advisors listed below:

Name of Professional Advisor	Service Provided
Memery Crystal	Legal Advice
Alexander Forbes	Insurance Advice

5.6.2 Details of my firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix E, "A Creditors' Guide to Administrators' Fees".

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The purposes of Administration as defined in Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 are:

- (a) rescuing the Company as a going concern, or (if this cannot be achieved)
- (b) 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), or (if (a) and (b) cannot be achieved)
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

6.2 In my opinion, it will not be possible to achieve the first objective as the majority of the Company's business and assets were sold prior to my appointment.

6.3.1 In my opinion it will be possible to achieve the second objective. The dividend prospects for creditors are dependent upon firstly the ability of the Company to collect debtors and secondly the successful migration of the Company's business to DI to enable the deferred consideration to be maximised.

6.3.2 At the time of my appointment the directors of the Company were firmly of the opinion that, notwithstanding the sale to DI, a liquidation would have been regarded by customers and suppliers as a failure of the business. This in turn would have jeopardised the collection of debtors, as the level of recoveries in a liquidation is inevitably lower than in the context of Administration, and caused customer disaffection and loss of sales to DI.

6.3.3 The perception of a seamless continuation of the transferred business and a managed run down of the Company's residual operations was therefore crucial. Although it is not yet possible to quantify the uplift in the return to creditors I share the directors' view and believe that the objective is in the course of being achieved.

6.4 Given that the second objective is capable of achievement it will not be necessary to consider the third, namely realising property in order to make a distribution to one or more secured or preferential creditors.

- 6.5 The Administration has been, and will continue to be, financed by monies received from asset realisations.

7 ADMINISTRATORS' PROPOSALS

- 7.1 In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 my proposals to creditors are attached as Appendix A. Approval of these proposals will be considered as a single resolution at a meeting of creditors to be held on 19 August 2005.
- 7.2 They allow the Joint Administrators to place the Company into creditors voluntary liquidation ("CVL") should they consider this to be appropriate. In reality, this is likely to be the most suitable vehicle for distributing funds given the fact that payment of the deferred consideration will be made over the next 2½ years. It will also afford an opportunity, should this be considered appropriate, to consider actions against former officers or third parties that should be pursued by a liquidator.
- 7.3 If circumstances are such that a CVL is considered inappropriate the proposals allow the Administrators to present proposals for a CVA. In this circumstance, the Supervisor would be responsible for collecting the deferred consideration from the purchaser of the business and making distributions to creditors.
- 7.4 They provide that the remuneration of the Joint Administrators, including costs incurred in dealing with matters prior to their appointment, is to be fixed by the Creditors' Committee, or failing that by the creditors generally or failing that by the Court. If a Creditors' Committee is not appointed, and unless the creditors resolve otherwise, this remuneration will be deemed to be fixed by the creditors and payable by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration. A schedule of the Joint Administrators' current time costs and a copy of Statement of Insolvency Practice No 9 - Administrators' Fees ("the SIP9 extract") are enclosed. This also includes details of this firm's policy in connection with staff allocation, support staff and the use of subcontractors.
- 7.5 They also provide for approval of the basis upon which the Joint Administrators recover internal disbursements that include an element of allocated costs. These are known as category 2 costs and the basis of their calculation is detailed on the SIP9 extract. Other disbursements, known as category 1 costs, comprise precise sums expended to third parties and no prior authorisation is required.

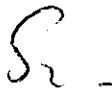
- 7.6 Providing the proposals are approved, the affairs of the Company will be managed in accordance with those proposals and financed out of asset realisations.

8 VOTING PROCEDURE AND CONCLUSION

- 8.1 You will appreciate that the procedures laid down in the Insolvency Act and Rules with which I am obliged to comply are complicated. If, therefore, you wish to vote on my proposals, it is important that you give careful attention to the proxy form and other enclosures attached to this report.

- 8.2 Please ensure that you complete the form and lodge it at my office, together with a statement of your claim, in good time for the meeting but **no later than 12.00 noon on 18 August 2005**.
- 8.3 Should you have any queries or require any further clarification please contact my office, **in writing**. Electronic communications should also include a full postal address.

for and on behalf of
BERRYS DIRECT LIMITED



S D SWADEN FCA
Joint Administrator

Licensed by the Insolvency Practitioners Association

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

APPENDIX A

BERRYS DIRECT LIMITED (IN ADMINISTRATION)
("the Company")
Joint Administrators' Proposals

It is proposed that: -

- i) The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the purposes set out in Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986.
- ii) The Joint Administrators be at liberty pursuant to the provisions of Paragraph 76(2)(b) and 78(1)(b) of Schedule B1 of the Insolvency Act 1986 to extend their term of office for a specified period not exceeding 6 months or, if they consider it appropriate, they apply to the Court under the provisions of Paragraph 76(2)(a) of Schedule B1 of the Insolvency Act 1986 for an Order that their term of office be extended for a specified period.
- iii) In the event that monies become available, and if they consider it appropriate, the Joint Administrators make application to the Court pursuant to the provisions of Paragraph 65(3) of Schedule B1 of the Insolvency Act 1986 for leave to make one or more dividend distributions to creditors whose claims are neither secured nor preferential.
- iv) In the event that monies become available and leave to make the above distributions is not sought or granted, and if they consider it appropriate, the Joint Administrators present proposals to creditors and shareholders for a Company Voluntary Arrangement pursuant to Part 1 of the Insolvency Act 1986 to be approved as the means of distributing funds.
- v) In the event that a Company Voluntary Arrangement under the provisions of Part 1 of the Insolvency Act 1986 is not approved (or proposed), the Company be placed into creditors voluntary liquidation pursuant to the provisions of Paragraph 83 of Schedule B1 of the Insolvency Act 1986. It is further proposed that Stephen Daniel Swaden be Liquidator of the Company. In accordance with the provisions of Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986 (as amended) creditors may nominate a different person to be Liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved.
- vi) In the event that there are no monies to be distributed to creditors or that all funds have been disbursed following an application to the Court pursuant to the provisions of Paragraph 65(3) of Schedule B1 of the Insolvency Act 1986 the Company be dissolved as soon as all matters relating to the Administration have been completed.

APPENDIX A (cont)

- vii) The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
- viii) The remuneration of the Joint Administrators, including costs incurred in dealing with matters prior to their appointment, be fixed by the Creditors' Committee or failing that by the creditors generally or failing that by the Court. If a Creditors' Committee is not appointed and unless the creditors resolve otherwise, such remuneration shall be deemed to be fixed by the creditors and payable by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration.
- ix) The basis for calculation of category 2 disbursements incurred by the Joint Administrators be fixed by the Creditors' Committee or failing that by the creditors generally. If a Creditors' Committee is not appointed and unless the creditors resolve otherwise the basis shall be deemed to be fixed by the creditors and payable by reference to the schedule of charges appended to their report dated 3 August 2005.
- x) The Joint Administrators do all such other things and generally exercise their powers as they, in their discretion, consider desirable in order to achieve the purposes of the Administration or to protect and preserve the assets of the Company or to maximise their realisations for any other purpose incidental to these proposals.
- xi) The Joint Administrators be discharged from liability in respect of any action(s) of theirs as Joint Administrators pursuant to the provisions of paragraph 98(1) of Schedule B1 of the Insolvency Act 1986 7 days after the cessation of their appointment.

Estimated Financial Position as at 21 June 2005

A – Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Goodwill/Deferred Consideration	87,449	610,000
Less: Investec Bank (UK) Limited	500,000	500,000
Estimated (deficiency)/surplus	(412,551)	110,000
Book Debts	1,100,609	900,000
	1,100,609	1,010,000
Paramount Park Limited	1,281,182	1,281,182
Estimated Shortfall	(180,573)	(271,182)
Assets subject to floating charge:		
Motor Vehicles	4,329	Nil
Stock	300,053	100,000
Cash at Bank and in Transit	32,777	32,777
Prepayments	10,000	Nil
Dudley Inkwell Limited	224,805	224,805
Uncharged assets:		
Nil		
Estimated total assets available for preferential creditors	571,964	357,582

Appendix B (cont)

A1 - Summary of Liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	£ 357,582
Liabilities	
Preferential creditors:-	Nil
Estimated surplus as regards preferential creditors	£ 357,582
Estimated prescribed part of net property where applicable (to carry forward)	£ 74,516
Estimated total assets available for floating charge holders	£ 283,066
Floating Charge Deficiency b/d Paramount Park Limited	(271,182)
Estimated deficiency of assets after floating charges	£ 11,884
Estimated prescribed part of net property where applicable (brought down)	£ 74,516
Total assets available to unsecured creditors	£ 86,400
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Trade Creditors (per attached schedule)	£ 829,178
Inland Revenue - PAYE & NI	56,715
Deferred Tax	(13,387)
H M Customs & Excise - VAT	75,368
Nutley Holdings Limited	1,043,601
	1,991,475
Estimated deficiency as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£ (1,905,075)
Shortfall to floating charge holders (brought down)	Nil
Estimated total deficiency as regards creditors	£ (1,905,075)
Issued and called up capital	700,000
Estimated total deficiency as regards members	£ (2,605,075)

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of Creditor or Claimant	Address (with postcode)	Details of any security held by Creditor	Amount of Debt £	Date Security Given	Value of Security
Trade and Expense					
A To Z Supplies	P O Box 777	Essex	506.74	None	
Arval PHH	PHH Centre	Swindon	883.39	None	
ASD Services	10 Howley Park Road	Leeds	3,763.41	None	
ASK Electronics	248-250 Tottenham Court Road	Leeds	2,931.64	None	
Atlantic Electric	970 North Circular Road	Wilt 7QZ	10,425.16	None	
Audio Mouldings Limited	Units 3/4 Langley Terrace	NX2 7JR	1,994.57	None	
Audio Visual Machines	2 Upper Teddington Road	Luton	3,797.41	None	
B & K Dairy	21 Arden Mhor	Kingston	27.50	None	
Barclays Bank Plc (Customer No 10333)	Aquila House	Middlesex	727.75	None	
Baumatic Limited	Baumatic Buildings	Reading	920.44	None	
BDC	Head Office	550 White Hart Lane	16,415.93	None	
Beta Distribution Plc	11 Indescon Court	Docklands	28,855.95	None	
Bibby Factors Slough Ltd	Concept Managed Services	Slough	1,274.99	None	
Brand Essentials	Seymour Road	Warwickshire	4,546.24	None	
British Telecommunications Plc	Post Point Rt10.06	Launton Place	46,115.85	None	
British Telecommunications Plc	BT Telephone Payment Centre	Durham	744.73	None	
Brother UK Ltd	Shepley Street	Derbyshire	51,276.92	None	
BSH Home Appliances Ltd-B	Grand Union House	Milton Keynes	3,550.15	None	
BSH Home Appliances Ltd-S	Grand Union House	Old Wolverton Road	586.98	None	
BSH Home Appliances-Neff	Grand Union House	Milton Keynes	1,648.55	None	
C D Networks		Milton Keynes	128.08	None	
Chubb Fire Limited	Chubb House	Subsury-On-Thames	80.96	None	
Coal Pension Properties	London	W1A 2NF	205.63	None	
Combined Precision Components	Fulwood	Lancs PR2 9PP	386.61	None	
Computer 2000 Distribution	Wade Road	Hants RG24 8NE	50,343.10	None	
Creation Financial Services	707 Warwick Road	W Midlands B91 3DA	1,353.69	None	
Crown Personnel	1 The Courtyard	Solihull	793.12	None	
D.A.D.	The Gatehouse	St Albans	4,931.69	None	
Dawco Electronics Sales	Domestic Appliances Dist.	Bristol Road	63.71	None	
David Horn Communications	640 Wharfedale Road	Wokingham	4,542.09	None	
DHL Express UK Ltd A/C61	Concote House Birmingham Business Park	Luton	10,880.64	None	
DHL Express UK Ltd Ac 456	Securcor	Feltham	16,537.76	None	
DHL Express UK Ltd Ac 55	Securcor	Feltham	8.30	None	
Dictating Machine Company	22 Broadway	London	438.28	None	
DMC Distribution Ltd	Trent House	Surrey CR0 4RR	4,775.79	None	
Dyson Appliances Limited	Tebrury Hill	Wiltshire	8,849.34	None	
E In Business Ltd	46 Cresser Enterprise Centre	High Wycombe	969.38	None	
East Central (Bus Mach) Ltd	51 Tallon Road	Brentwood	17,557.99	None	
Electronic Banking Service	P O Box 400 Central House	Harrogate	5.00	None	
Fairfield Trading Co Ltd	Fairfield House	Crowborough	1,398.25	None	
Falcon Cycles Ltd	PO Box 3	Brigg	508.48	None	
Flashbay Ltd	52 Melton Court	London	431.46	None	
Fondline	28 High Road	Romford	683.14	None	
Freecore Limited	Apex Business Centre	Dunstable	7,114.30	None	
FSB (Wholesalers) Ltd	Unit 2 Mirror Works	Edmonton	1,305.00	None	
Fuji Photo Film (UK) Limited	Fuji Film House	London	5.75	None	
Future Sound And Vision	Unit 2 Kilmington Enterprise Park	Herts	890.60	None	
Gem Distribution Ltd	Shorren Brook Way	Lancs BB5 5YJ	1,269.76	None	
Goodman Industries Limited	Harvard House	Essex IG11 OHX	1,128.95	None	
Gordon Phenomenon	Synnes Mews	NW1 7JE	446.50	None	
Grundig Business Systems UK Limited	Jubilee House, 3 The Drive	Essex CM13 3FR	59,439.40	None	

Berrys Direct Limited - Company Creditors

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of Creditor or Claimant	Address (with postcode)	Edgware PE2 9JB Kings Langley Station Road 14 Clytia Park Road Starley Way Welwyn Garden City JVC Business Park London London 250 Bath Road Redditch Halford Business Park 100 Stratford Road Plymouth Foxboro Park London Altham Business Park 7-9 London Road Dis Portadown Somerset London Southend-On-Sea Willoughby Road Willoughby Road Fonthill Road Wyncolfs Road Caxton Road Eastergate Cranborne Ind. Estate Napsbury St Albans 180 Upper Richmond Road London Sinfon Central Business Park Manor Lane London Papyrus Road Stanhope Road Surbiton 1000 Hillwood Drive 18 Colonial Way Overpool Way Fleming Way Eldon Way Thorp Road Abingdon Brooklands Viabes Follingsby Park Cambridge Cambridge Middlesex PO Box 27 Victory House Abingdon	Middx Hertfordshire Gloucester Newport Marston Green Herts Priestley Way WC2H 8BE E1 7QX Slough Worcestershire Hartfield Shirley PL3 5YL Redhill SE1 0DB Altham Bagehot Norfolk Co. Armagh TA20 2GB ECY1 OTX SS99 6LU Blacknell Blacknell Dublin 22 Severalls Park Bedford Nt. Clithester Nt. Clithester London London N31 Sinfon Central Business Park Manor Lane London Papyrus Road Stanhope Road Surbiton 1000 Hillwood Drive 18 Colonial Way Overpool Way Fleming Way Eldon Way Thorp Road Abingdon Brooklands Viabes Follingsby Park Cambridge Cambridge Middlesex PO Box 27 Victory House Abingdon	Details of any security held by Creditor	Amount of Debt £	Date Security Given	Value of Security
Hoffman Security Plc	156-158 Deans Lane	Edgware	Middx	HA8 9NT	376.74	None	
Hotpoint	Peterborough	PE2 9JB			478.02	None	
Imagination Technologies	Horse Park Estate	Kings Langley	Hertfordshire	WD4 8LZ	610.50	None	
Incopex Office Supplies Plc	Incopex House	Station Road	Gloucester	Leeds LS20 8BX	998.75	None	
Integra Office Solutions	Integra House	14 Clytia Park Road	Newport	S Wales NP20 4PB	146.87	None	
Interface Solutions Inter	Birmingham Int. Park	Starley Way	Marston Green	Solihull B37 7GN	2,042.15	None	
Image UK Limited	Interface House	Welwyn Garden City	Herts	AL8 6HG	73.85	None	
ve (U.K.) Limited	JVC House	JVC Business Park	Priestley Way	London NW2 7BA	11,550.34	None	
Kelkoo.Com UK Ltd	125 Shaftesbury Ave	London	WC2H 8BE		19,892.64	None	
KV7 Fairchild Limited	76 Whitechapel High Street	London	E1 7QX		1,700.12	None	
L G Electronics UK Ltd	L G House	250 Bath Road	Slough	Berks SL1 4DX	5,998.92	None	
Lifestyle Appliances	Unit 66 Enfield Ind Estate	Redditch	Worcestershire	B97 6DE	556.92	None	
Lightning Packaging Supplies	Profisher Way	Halford Business Park	Hartfield	Herts AL10 9TY	926.74	None	
Lombard Vehicle Management	Century House	100 Stratford Road	Shirley	Solihull B90 3BH	1,106.68	None	
London Energy	Po Box 61	Plymouth	PL3 5YL		435.95	None	
Maytag UK	2 St. Annes Boulevard	Foxboro Park	Redhill	Surrey RH1 1AX	2,162.00	None	
Metro Broadcast Limited	53 Great Suffolk Street	London	SE1 0DB		299.63	None	
Micro Peripherals Ltd	Shotton Brook Way	Altham Business Park	Altham	Accrington BB5 5YJ	38,305.47	None	
Microscan UK Ltd	5 Tanners Yard	7-9 London Road	Bagehot	Surrey GU19 5HD	3,395.94	None	
Midwest Limited	Midwest Road	Dis	Norfolk	IP22 4YT	1,493.93	None	
Montgomery Distribution	11 Vicarage Road	Portadown	Co. Armagh	Northern Ireland BT62 4HF	78.31	None	
Numatic International Ltd	Chard	Somerset	TA20 2GB		3,731.14	None	
Olympus Optical Ltd	28 Honduras Street	London	ECY1 OTX		37,378.27	None	
Orange Personal Communications	Orange Payment Processing	Southend-On-Sea	SS99 6LU	Berks RG12 4FP	933.94	None	
Panasonic Business System	Panasonic House	Willoughby Road	Blacknell	Berks RG12 4FP	14.69	None	
Panasonic Consumer Electronics	Panasonic House	Willoughby Road	Blacknell		675.14	None	
Philips Consumer Electronics	Fonthill Ind Park	Fonthill Road	Dublin 22		7,091.34	None	
Philips Speech Processing	8 The Courtyards, Phoenix Square	Wyncolfs Road	Severalls Park	Colchester Essex CO4 9PE	14,866.57	None	
Polarprint Co Ltd	Werran House	Caxton Road	Bedford	MK41 OYA	716.76	None	
Power Tools Factors	Fontwell Avenue	Eastergate	Nt. Clithester	West Sussex PO20 3RU	479.87	None	
Practica UK Ltd	Unit 14 North Orbital Commn Park	Cranborne Ind. Estate Napsbury St Albans	Nt. Clithester	Herts QL1 1XB	1,080.88	None	
Pricerunner.Com	Cambridge House	180 Upper Richmond Road	London	SW15 2SH	2,162.25	None	
Proindigo Systems Ltd	58 Hendon Avenue	London	N31		457.12	None	
RDS Systems Limited	Unit 4a	Sinfon Central Business Park	Sinfon Lane	Derby DE24 9GL	79.90	None	
Road Sea Express Ltd	Unit 9 Holmes Chapel Bus Park	Manor Lane	Holmes Chapel	Cheshire CW4 8AF	615.15	None	
Rocket Badge Company	1 Torriano Mews	London	NW5 2RZ		348.98	None	
Royal Mail	Remittance Centre	Papyrus Road	Werrington	Peterborough PE4 5PG	1,043.68	None	
S & I Electronics Plc	Janal House	Stanhope Road	Surrey	London N12 9DT	1,821.25	None	
Samsung (Spares)	225 Hook Rise South	Surbiton	Chertsey	KT6 7LD	85.66	None	
Samsung Electronics Ltd	Samung House	1000 Hillwood Drive	Chertsey	Surrey KT16 OPS	20,776.65	None	
Sanyo Europe Ltd	Sanyo House	18 Colonial Way	Watford	WD24 4PT	980.81	None	
Sanyo Specht Ltd	Sanyo House	Overpool Way	Watford	Herts WD25 8JX	29,595.86	None	
Schleicher & Co	Unit C2 Fleming Centre	Fleming Way	Crawley	W Sussex RH10 9NN	818.39	None	
Security Escorts	Unit C8	Eldon Way	London	NW10 7QX	1,560.70	None	
Sharp Electronics UK Ltd	Sharp House	Thorp Road	Manchester	M40 5BE	131.79	None	
Sureg (UK) Limited	3 Milton Court	Abingdon	Oxon	OX14 4RN	3,902.51	None	
Sony (UK) Ltd	The Heights	Brooklands	Weybridge	Surrey KT13 OXW	11,869.48	None	
Sony Business Eur (UK)	Jays Close	Viabes	Basingstoke	Hants RG22 4SB	640.49	None	
Spark Response Ltd	Follingsby Ave	Follingsby Park	Gateshead	NE10 8HQ	25,633.72	None	
Spicers Ltd	Sawston	Cambridge	CB2 4JG	CB2 4JG	2,627.74	None	
Stefes Limited	12 Syon Gate Way	Middlesex	TW8 9DD		95,324.55	None	
Streamline	Gateshead Card Centre	PO Box 27 Victory House	Fifth Ave	Gateshead NE8 1HJ	969.38	None	
Tablogix	200 Milton Park	Abingdon	OX14 4TA		1,804.21	None	

Berrys Direct Limited - Company Creditors

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of Creditor or Claimant	Address (with postcode)	Details of any security held by Creditor	Amount of Debt £	Date Security Given	Value of Security
The Diamond Stylus Company	Council Street West	North Wales	3,974.39	None	
TNT UK Limited	P O Box 4	Bury	101.09	None	
Toshiba Information Systems	Toshiba House	Cambridge	9,075.49	None	
Unicol Engineering	Green Road	OX3 8EU	604.83	None	
Uniforce Products Ltd	Enterprise House	Euroway Trading Estate	16,800.76	None	
Vivanco UK Limited	Maxted Court	Hemel Hempstead	1,171.08	None	
Wash-Vac Services	Unit 6 Saffron Way	Sittingbourne	9,543.03	None	
West London Electric	9-11 High Street	London	1,986.59	None	
Westcoast Ltd	Arrowhead Park	Reading	29,456.18	None	
Winscribe (Europe) Ltd	13 Horseshoe Park	Reading	1,468.75	None	
Worldwide Connect Limited	31 Commerce Road	Lynch Wood	1,090.44	None	
Xerox Office Supplies	PO Box 4202	West Sussex	11,961.53	None	
			<u>829,177.81</u>		
Crown					
Inland Revenue	London Central Recovery	286 Euston Road	56,715.00	None	
HM Customs & Excise	Alexander House	Southend On Sea X	75,368.00	None	
Secured					
Paramount Park Limited	72 New Cavendish Street	London NW1 3UQ	1,281,182.00	Debtenture containing fixed and floating charges	£1,281,182
Investec Bank (UK) Limited	2 Gresham Street	London EC2V 7QP	500,000.00	Debtenture containing fixed and floating charges	£500,000
Other					
Nutley Holdings Investments Limited	C/O 17 Avenue de la Costa BP 167	98003 Monaco Cedex	1,043,601.00	None	

APPENDIX C

Summary of the Joint Administrators' Time Costs from 21 June 2005 to 29 July 2005

Berrys Direct Limited
(In Administration)

Summary of Joint Administrators' Time Costs from 21 June 2005 to 29 July 2005

	Partner		Senior Manager		Manager 1		Manager 2		Assistant		Total	
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £
Statutory & Review	20	900.00	1	32.50	-	-	-	-	-	-	21	932.50
Receipts & Payments	-	-	10	325.00	-	-	14	280.00	9	90.00	33	695.00
Insurance	-	-	-	-	-	-	5	100.00	-	-	5	100.00
Assets	90	4,050.00	280	9,100.00	-	-	490	9,800.00	-	-	860	22,950.00
Liabilities	-	-	35	1,137.50	-	-	-	-	-	-	35	1,137.50
Debenture Holder	40	1,800.00	30	975.00	-	-	5	100.00	-	-	75	2,875.00
General Administration	-	-	170	5,525.00	-	-	40	800.00	35	350.00	245	6,675.00
Appointment	60	2,700.00	55	1,787.50	120	3,000.00	-	-	50	500.00	285	7,987.50
Pre-Appointment	260	11,700.00	60	1,950.00	120	3,000.00	-	-	-	-	440	16,650.00
Post Appointment Creditor Reporting/Meetings	-	-	50	1,625.00	-	-	20	400.00	-	-	70	2,025.00
Investigations	155	6,975.00	40	1,300.00	-	-	-	-	-	-	195	8,275.00
Total	625	28,125.00	731	23,757.50	240	6,000.00	574	11,480.00	94	940.00	2,264	70,302.50
Average Hourly Cost (£)		<u>450.00</u>		<u>325.00</u>		<u>250.00</u>		<u>200.00</u>		<u>100.00</u>		<u>310.52</u>

All Units are 6 minutes

APPENDIX D

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.

APPENDIX D(cont)

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.

APPENDIX D(cont)

- 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.

APPENDIX D(cont)

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

APPENDIX D(cont)

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.

APPENDIX D(cont)

ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS & CO REGARDING FEES AND DISBURSEMENTS

The following information relating to the policy of Leonard Curtis & Co is considered to be relevant to creditors:

Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active partner involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by cashiers on specific case related matters is charged. Similarly time spent by secretarial and other support staff on specific case related matters, e.g. report despatching is charged.

With effect from 1 January 2005 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis & Co:

Partner	£450
Senior Manager	£325
Manager 1	£250
Manager 2	£200
Manager 3	£175
Assistant	£100
Support	£75

Details of any subcontractor(s) used are given in the report which accompanies this Guide.

Professional Advisors

Details of any professional advisor(s) used are given in the report which accompanies this Guide. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 42p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose 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, documents storage or communication facilities provided by us) they must be disclosed and be

APPENDIX D(cont)

authorised by those responsible for approving the administrator's remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
Stationery	10p per letterhead
Telephone, facsimile	£100 standard charge per case

APPENDIX E

Extracts from Insolvency Rules 1986

RULE 2.38(1)

- (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.

Details of the debt must include any calculation for the purposes of rules 2.40 to 2.42 (secured creditors, holders of negotiable instruments, retention of title creditors and hire-purchase, conditional sale and chattel leasing agreements).

RULE 2.43 (1) & (2)

- (1) Subject to paragraph (2), at a creditors' meeting in administration proceedings, a resolution is passed when a majority (in value) of those present and voting, in person or by proxy, have voted in favour of it.
- (2) Any resolution is invalid if those voting against it include more than half in value of the creditors to whom notice of the meeting was sent and who are not, to the best of the chairman's belief, persons connected with the company.

APPENDIX F

Rule 2.35

Form 2.20B

Notice of a meeting of creditors

Name of Company
BERRYS DIRECT LIMITED

Company number
03400140

In the
High Court of Justice

[full name of court]

Court case number
4034 of 2005

- (a) Insert full name(s) and address(es) of administrator(s) Notice is hereby given by (a) S D Swaden & N A Bennett of Leonard Curtis & Co
One Great Cumberland Place Marble Arch, London W1H 7LW
- (b) Insert full name and address of registered office of the company that a meeting of the creditors of (b) BERRYS DIRECT LIMITED,
One Great Cumberland Place Marble Arch, London, W1H 7LW
- (c) Insert details of place of meeting is to be held at (c) One Great Cumberland Place Marble Arch London W1H 7LW
- (d) Insert date and time of meeting on (d) 19 August 2005 at 11.00 am

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


S D Swaden - Joint / Administrator(s)

Dated

3 August 2005

- * Delete as applicable A copy of the *proposals / revised proposals is attached

Rule 8.1 Insolvency Act 1986
PROXY (ADMINISTRATION)

IN THE MATTER OF BERRYS DIRECT LIMITED
 and
 IN THE MATTER OF THE INSOLVENCY ACT 1986

Insert the name of the company

Notes to help the completion
 of the form

Name of creditor

Please give full name and address
 for communication

Address

Please insert name of person
 (who must be 18 or over) or the
 "chairman of the meeting" (see
 note below). 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 19 August 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 administrators proposals/revised proposals* as circulated

2. For the appointment of _____ of

as a member of the creditors' committee

Signature _____ Date

This form must be signed

Name in CAPITAL LETTERS

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

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

Remember: there may be resolutions on the other side of this form.