

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company

Killby & Gayford (Consolidation) Limited

Company number

03538796

In the

High Court of Justice, Chancery Division

[full name of court]

Court case number

3251 of 2012

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

I/We (a) Danny Dartnall and Shay Bannon of BDO LLP 55 Baker Street, London, W1U 7EU

*Delete as applicable

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

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

(b) Insert date

(b) 11 June 2012

Signed

Joint/ Administrator(s)

Dated

11/6/12

Contact details:

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

BDO LLP, 55 Baker Street, London,

W1U 7EU, . .

Our Ref DD/JBS/ADM751 Notice to RoC (Consolidation)/C15

Tel 020 7486 5888

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



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COMPANIES HOUSE

WEDNESDAY



**Killby & Gayford (Consolidation)
Limited
Killby & Gayford Group Limited
Both in Administration**

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

1/JBS/ADM661 Cover Sheets/C6



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KILLBY & GAYFORD GROUP LIMITED - IN ADMINISTRATION

Registered No 06342552

Registered office situated at 55 Baker Street, London, W1U 7EU

In the High Court of Justice, Chancery Division

3247/2012

and

KILLBY & GAYFORD (CONSOLIDATION) LIMITED - IN ADMINISTRATION

Registered No. 03538796

Registered office situated at 55 Baker Street, London, W1U 7EU

In the High Court of Justice, Chancery Division

3248/2012

1 Introduction

This report is addressed to the creditors of Killby & Gayford Group Limited ('KGGL') and Killby & Gayford (Consolidation) Limited ('KGCL') (together the "Companies") and incorporates the Joint Administrators' proposals

We do not propose to call a meeting of creditors to consider these proposals because there will be insufficient assets to enable us to make any distribution to unsecured creditors, other than from the prescribed part, which we mention in section 4 below. Under Paragraph 52 of Schedule B1 of the Insolvency Act 1986 if at least 10% of creditors require us to call a meeting they must notify us using form 2.21B (attached) by 22 June 2012. Please note that before such a meeting can be held we will require a deposit towards the cost of convening the meeting. Such deposit may be repaid subject to approval of the other creditors. Where no creditors' meeting is held to consider the Joint Administrators' proposals, the proposals will have been deemed to be approved on 22 June 2012.

Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject any or all of the Joint Administrators' proposals a report will be sent to the High Court of Justice, Chancery Division confirming that the creditors have rejected the relevant proposals. The Court may then discharge the appropriate Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.

If the Joint Administrators' proposals are agreed at the meeting of creditors, or otherwise deemed to be approved, the Joint Administrators will continue to control the business of each of the Companies, to the extent that it has not been transferred. The Joint Administrators would at some later date arrange for the Companies to exit from the Administration, as agreed by the creditors. Based on the information presently available and the current situation, the Joint Administrators' proposal is that both companies will be dissolved, once the Administrations are complete.

2 Events leading up to the Appointment of the Joint Administrators

KGGL and KGCL were incorporated on 14 August 2007 and 1 April 1998 respectively. The Companies are part of a privately owned and managed group (the "Group").

In September 2007, the Group was the subject of a Management Buy Out ("MBO"), which was funded by Growth Capital Partners (formerly Close Growth Capital) ("GCP") and HBOS together with loans from management shareholders.

KGGL is the ultimate parent company of the Group and holds all of the loans associated with the MBO. KGCL is an intermediate holding company. Neither of the Companies traded

Following the MBO, the European economy entered a recession, which adversely impacted the financial performance of the underlying business of the Group. In particular, the market for high-margin banking work, which historically accounted for some 40% of the Group's revenues, decreased significantly from 2008. Income from the banking works decreased further in 2011 after the trading business lost its preferred supplier status with Barclays Bank.

Following the insolvencies of Connaught and Rok in 2010, several suppliers to the trading business sought to take out credit insurance against debts owed to them by their customers. These suppliers were unable to insure amounts due from the trading business because the consolidated Group balance sheet reflected a net liability position. Around the same time, Euler Hermes withdrew from supplying the trading business with bonding facilities. Accordingly, the working capital position of the Group deteriorated significantly as several suppliers to the business required payment on a pro-forma basis.

The directors took actions to secure the Group's working capital position through a programme of cost cutting and by approaching the Group's main shareholder, GCP, for a further cash injection. The Group was unable to support additional debt financing.

GCP undertook a review of the business and engaged my firm, BDO LLP, to assist in this regard. Upon receipt of the review and taking into consideration the ongoing uncertainty in the construction sector, GCP took the decision that they were unable to provide the level of support the Group needed to continue trading. Accordingly, GCP resolved to sell the business via an Accelerated Merger & Acquisition process.

A single purchaser expressed interest in a solvent purchase following the sale process. However, following their own due diligence, the purchaser withdrew their offer on 13 April 2012. Accordingly, the directors of the Company took advice from their retained legal advisers and concluded that there was no prospect of the Company avoiding insolvency. Shortly after, the directors gave notice of their intention to appoint Administrators.

On 17 April 2012 an application for appointment of Joint Administrators was made by the directors of the Companies, in accordance with paragraph 22 of Schedule B1 of the Insolvency Act 1986. On 18 April 2012, Danny Dartnaill and Shay Bannon were appointed Joint Administrators. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

3 Statement of Affairs and Statutory Information

At Appendix 1 is a record of the names of the Companies' directors and Company Secretary together with details of their shareholdings.

We attach at Appendix 2 copies of the Statements of Affairs completed by the directors of the Companies. The Joint Administrators have reviewed the Statements of Affairs but have not carried out any audit or detailed verification work at this time.

4 Prescribed Part

Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where a company has granted a floating

charge to a creditor after 15 September 2003. The provisions will apply in the Administrations of the Companies.

Based on present information the Joint Administrators estimate that there will be funds available to the unsecured creditors in the matter of KGCL by way of a prescribed part but, at this early stage, it is difficult to estimate the likely value. In the matter of KGGL, we believe that it is unlikely that there will be a dividend to the unsecured creditors.

5 Achieving the Purpose of the Administrations

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

- (a) The first objective is the rescuing the Companies as a going concern (i.e. restructuring the Companies' business, resulting in the survival of the Companies). We would comment that, prior to our appointment, the shareholders had undertaken a marketing process of the Companies without success.
- (b) With regard to the second objective of achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration), the position is we believe that this purpose will be possible following the realisation of the Companies' investments and intercompany debts.
- (c) The final objective is realising property in order to make a distribution to one or more secured creditors and we can advise that, on the information currently available there will be funds available to Bank of Scotland ("BoS"), the holder of the first debenture over the Companies assets. There are no preferential creditors in either company.

6 Management of the Companies' affairs since the Joint Administrators' Appointment

6.1 Initial Actions

Upon our appointment as Joint Administrators we undertook an immediate review of the Companies' affairs with particular regard to their financial and resource requirements. This assessment was carried out in liaison with the remaining management of the Companies and having regard to the Companies' ongoing business commitments and the anticipated cash flows.

The Companies' only assets are investments and intercompany debts due from other group companies which are either in Administration or will be placed into Liquidation shortly.

6.2 Administrators' Receipts and Payments

To date, there have been no receipts in either company.

6.3 Creditors' Claims

6.3.1 Secured Creditors

At the date of Administration, the Killby & Gayford group of companies (the "Group") had overdrafts outstanding with BoS totalling £1,630,641. Upon Group companies entering Administration, an interest rate swap with BoS also crystallised, incurring a further £45,000 loss. Both the overdrafts and the swap are secured by a first ranking debenture against the Group companies created on 14 September 2009.

In addition, GCP has a loan outstanding to the Group of £6,075,000, which is secured by a debenture against the group companies, including the Companies' security ranks behind that held by BoS

It is anticipated that GCP will suffer a significant shortfall under its security.

6.3.2 Preferential and Unsecured Creditors

According to the records of the Companies, neither company held any employment contracts. As such, I do not anticipate there being any preferential creditors in either Administration

To date, we have not received any claims from creditors in either company.

7 EC Regulations on Insolvency Proceedings

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

8 Pre Administration Costs

Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Allowable costs fall into the following categories:-

- (i) the fees charged by the Joint Administrators,
- (ii) the expenses incurred by the Joint Administrators;

Please be advised that, in this instance, my firm did not incur any time costs prior to my appointment as Joint Administrator of the Companies.

9 Joint Administrators' Remuneration

Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal, by reference to the time the Joint Administrators and their staff spend in attending to matters in each administration or, a fixed amount. Remuneration may be fixed on one or a combination of any of the foregoing bases.

In respect of these administrations we wish to ask creditors to approve our remuneration on a time costs basis. Attached at Appendix 4 are schedules that summarises the time that has been spent in attending to the Companies' administrations up to the date of this report. The reports for KGCL and KGGL show a total of 6 hours at an average charge out rate of £99.92 and 14.75 hours at an average charge out rate of £190.24, respectively.

Where no meeting of creditors is being convened because there will be insufficient property to enable a distribution to be made to unsecured creditors other than by reason of prescribed part (Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986) our remuneration will be subject to the approval of the secured as set out in Rule 2.106(5A)(a)/(b) of the Insolvency Rules 1986. This will be the case in this administrations. However, for the information of creditors we attach, at Appendix 5, a Creditors' Guide to Administrators' Fees together with a document that outlines the policy of BDO LLP in respect of fees and disbursements

10 Possible Outcomes for the Companies and Creditors

The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the company. It is the Joint Administrators' recommendation and proposal, as detailed below, that once all assets have been realised and distributed in the administration that the Joint Administrators arrange for the company to be dissolved

As discussed above, the assets to be realised are intercompany balances due from other group companies that are either in Administration or to be placed into Liquidation shortly. Based upon present information, I anticipate the Administration of each company will conclude in 12 to 18 months.

11 Statement of Proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration. In the absence of a creditors' meeting, these proposals will be deemed approved on 22 June 2012

Formal Proposals - the Joint Administrators Propose That:

- (a) they continue to realise assets in accordance with objectives 2 and 3 of the statutory purpose of the Administration;
- (b) where possible, they make payments to the secured creditors and distributions to the unsecured creditors from the prescribed part;
- (c) they exit the administration by way of dissolution; and
- (d) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors) Please note, if creditors wish to appoint a creditors' committee they must request a meeting of creditors using form 2.21B;

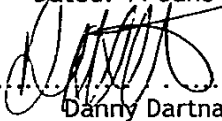
In the absence of a creditors committee,

- (e) creditors approve the remuneration of the Joint Administrators on a time costs basis.

A further resolution is put to the creditors:

- (f) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.

Dated: 11 June 2012

.....

.....
Danny Dartnaill
Joint Administrator

Statutory Information

**Killby & Gayford Group Limited
In Administration**

Statutory Information

Company Number: 06342552

Date of Incorporation: 14 August 2007

Address of Registered Office: 55 Baker Street, London, W1U 7EU
Formerly 171E Wingate Square, London, SW4 0AN

Directors: Mr Michael James Blake
Mr Christopher James Chivers
Mr Robin James Mostyn Pugh
Mr Jeremy Philip Hilton Vickers
Mr Robin George Walton Williams

Company Secretary: Gabrielle Mary Williams Hamer

Nominal Share Capital: £220,000 - divided into 220,000 ordinary shares of £1 each

£180,000 - divided into 180,000 A ordinary shares of £1 each

Registered Shareholders: No of £1 A ordinary shares held

Close Brothers Growth Capital (Nominees) Limited	180,000
	180,000

Registered Shareholders: No of £1 ordinary shares held

Mr Christopher James Chivers	75,260
Mr Jeremy Philip Hilton Vickers	37,100
Mr Christopher Andrew Boyle	42,400
Mr Jonathan Robert Coles	19,080
Mr Kevin Patrick Browne	19,080
Mr Richard Stuart Bell	19,080
Alford Street Nominees Limited	4,000
Mr Robin George Walton Williams	4,000
	180,000

Trading Results:

Y/E 31 December	Turnover £	Gross Profit £	Net Profit (after tax) £	Directors' remuneration £	Balance on P & L A/c £
2010	No available	Not available	Not available	Not available	(5,973,330)
2009	No available	Not available	Not available	Not available	(4,403,857)
The company only prepares audited consolidated Profit & Loss accounts					

**Killby & Gayford (Consolidation) Limited
In Administration**

Statutory Information

Company Number: 03538796

Date of Incorporation: 1 April 1998

Address of Registered Office: 55 Baker Street, London, W1U 7EU
Formerly 171E Wingate Square, London, SW4 0AN

Directors: Mr Christopher James Chivers
Mr Jeremy Philip Hilton Vickers

Company Secretary: Gabrielle Mary Williams Hamer

Nominal Share Capital: £342,000 - divided into 342,000 ordinary shares of £1 each
£198,000 - divided into 198,000 ordinary A shares of £1 each

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

Killby & Gayford Group Limited	342,000
Killby & Gayford Group Limited	198,000
	<hr/> 540,000 <hr/>

Trading Results:

Y/E 31 December	Turnover £	Gross Profit £	Net Profit (after tax) £	Directors' remuneration £	Balance on P & L A/c £
2010	1,140,000	1,140,000	1,131,738	Nil	7,187,420
2009	1,140,000	1,137,094	1,137,380	Nil	6,055,682

Statement of affairs

Name of Company Killby & Gayford Group Limited	Company number 06342552
In the High Court of Justice, Chancery Division <small>[full name of court]</small>	Court case number 3248/2012

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

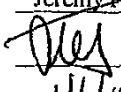
Statement of affairs of (a) Killby & Gayford Group Limited whose registered office is situated at
171E Wingate Square, London SW4 0AN.

(b) Insert date

On the (b) 18 April 2012, the date that the company entered administration.

Statement of Truth

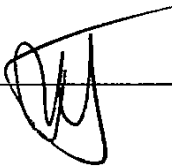
I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 18 April 2012 the date that the company entered administration

Full name Jeremy P H Vickers
Signed 
Dated 1/6/12

A – Summary of Assets

	Book Value £	Estimated to Realise £
Assets		
Assets subject to fixed charge		
Investment in Killby & Gayford Consolidation Ltd	17,520,835	-
Shortfall		-
Assets subject to floating charge		
Intercompany - Killby & Gayford Consolidation Ltd	4,830	-
Uncharged assets		
Estimated total assets available for preferential creditors	17,525,665	-

Signature



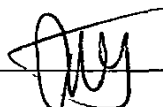
Date

1/6/12

A 1- Summary of Liabilities

		Estimated to realise
Estimated total assets available for preferential creditors (carried from page A)		-
Liabilities		
Preferential creditors -		-
Estimated deficiency/surplus as regards preferential creditors		-
Estimated prescribed part of net property where applicable (to carry forward)		-
Estimated total assets available for floating charge holders £		-
Debts secured by floating charges		
Bank of Scotland	- 64,728	
Growth Capital Partners	- 6,075,000	- 6,139,728
Estimated deficiency/surplus of assets after floating charges		- 6,139,728
Estimated prescribed part of net property where applicable (brought down)		-
Total assets available to unsecured creditors		-
Unsecured non-preferential claims (excluding any shortfalls to floating charge holders)		- 10,805,299
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		- 10,805,299
Shortfall to floating charge holders (brought down)		- 6,139,728
Estimated deficiency/surplus as regards creditors		- 16,945,027
Issued and called up capital		- 5,180,000
Estimated total deficiency/surplus as regards members		- 22,125,027

Signature



Date

1/6/12

Note. You must include 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

Signature _____ Date 1/6/12 _____

Company Shareholders

Name of Shareholder	Address	No of Shares held	Nominal Value	Details of shares held
Growth Capital Partners	2nd Floor, 96-98 Baker Street, London, W1U 6TJ	180,000	180,000	A' Ordinary Shares
Growth Capital Partners	2nd Floor, 96-98 Baker Street, London, W1U 6TJ	3,500,000	3,500,000	B' Ordinary Shares
Chris Chivers		75,260	75,260	Ordinary Shares
Chris Chivers		595,171	595,171	C' Ordinary Shares
Chris Boyle		42,400	42,400	Ordinary Shares
Chris Boyle		335,307	335,307	C' Ordinary Shares
Jeremy Vickers		37,100	37,100	Ordinary Shares
Jeremy Vickers		136,762	136,762	C' Ordinary Shares
Jonathon Coles		19,080	19,080	Ordinary Shares
Jonathon Coles		70,920	70,920	C' Ordinary Shares
Kevin Browne		19,080	19,080	Ordinary Shares
Kevin Browne		70,920	70,920	C' Ordinary Shares
Richard Bell		19,080	19,080	Ordinary Shares
Richard Bell		70,920	70,920	C' Ordinary Shares
Robin Williams		4,000	4,000	Ordinary Shares
A Idford St Nominees		4,000	4,000	Ordinary Shares
Totals		5,180,000	5,180,000	



Signature

Date 11/6/12

Statement of affairs

Name of Company Killby & Gayford (Consolidation) Limited	Company number 03538796
In the High Court of Justice, Chancery Division [full name of court]	Court case number 3251/2012

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

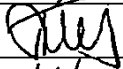
Statement of affairs of (a) Killby & Gayford (Consolidation) Limited whose registered office is situated at 171E Wingate Square, London SW4 0AN

(b) Insert date

On the (b) 18 April 2012, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 18 April 2012 the date that the company entered administration

Full name Jeremy P H Vickers
Signed 
Dated 1/6/12

WEDNESDAY

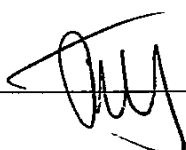


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COMPANIES HOUSE

A – Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge		
Investment in Killby & Gayford Building Ltd	11,304,838	9,675
Investment in Killby & Gayford Holdings Ltd	2,741,328	Nil
Bank of Scotland		(42,904)
Shortfall to Bank of Scotland c/d		(33,229)
Assets subject to floating charge		
Intercompany - Killby & Gayford Holdings Ltd	12,093,780	55,560
Intercompany - Comsec Ltd	52,833	Nil
Uncharged assets		
Estimated total assets available for preferential creditors	26,192,779	55,560

Signature



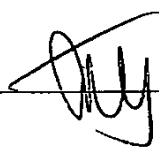
Date

1/6/12

A 1- Summary of Liabilities

	Estimated to realise
Estimated total assets available for preferential creditors (carried from page A)	55,560
Liabilities	
Preferential creditors -	<u>Nil</u>
Estimated deficiency/surplus as regards preferential creditors	55,560
Estimated prescribed part of net property where applicable (to carry forward)	<u>(14,112)</u>
Estimated total assets available for floating charge holders £	41,448
Debts secured by floating charges	£
Bank of Scotland	(33,229)
Growth Capital Partners	<u>(6,075,000)</u>
Estimated deficiency/surplus of assets after floating charges	<u>(6,066,781)</u>
Estimated prescribed part of net property where applicable (brought down)	<u>14,112</u>
Total assets available to unsecured creditors	14,112
Unsecured non-preferential claims (excluding any shortfalls to floating charge holders)	<u>(14,813,963)</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	(14,799,851)
Shortfall to floating charge holders (brought down)	<u>(6,066,781)</u>
Estimated deficiency/surplus as regards creditors	(20,866,632)
Issued and called up capital	(540,000)
Estimated total deficiency/surplus as regards members	<u>(21,406,632)</u>

Signature



Date

1/8/12

Note You must include 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

Signature _____

21/11/12

Company Shareholders

Name of Shareholder	Address	No of Shares held	Nominal Value	Details of shares held
Killby & Gayford Group Ltd	171e Wingate Square, London, SW4 0AN	342,000	342,000	Ordinary Shares
Killby & Gayford Group Ltd	171e Wingate Square, London, SW4 0AN	198,000	198,000	A' Ordinary Shares
Totals		540,000	540,000	



Signature

Date _____

11/6/12

Summary of Joint Administrators' Fees

Summary of Time Charged and Rates Applicable for the Period From 18 April 2012 (Date of Administration) to 11 June 2012

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Kilby & Gayford (Consolidation) Limited - In Administration

Summary of Time Charged and Rates Applicable for the Period From 18 April 2012 (Date of Administration) to 11 June 2012

Description	PARTNER		PRINCIPAL / MANAGER		ASSISTANT MANAGER		SENIOR EXECUTIVE		EXECUTIVE		OTHER STAFF		GRAND TOTAL		AV RATE	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	£	£
D. General Administration			0.25	82.00					1.00	90.00			1.25	172.00	137.40	
I. Reporting									4.75	427.50			4.75	427.50	90.00	
	0.00	0.00	0.25	82.00	0.00	0.00	0.00	0.00	5.75	517.50	0.00	0.00	6.00	599.50	99.92	
															Net Total	
															6.00 £ 599.50 99.92	

A Creditors' Guide to Joint Administrators' Fees, BDO LLP Policy on Fees

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, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

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 remuneration

- 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

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

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. 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 (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment
- 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. Review of remuneration**
- 5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.
- 6. Approval of pre-administration costs**
- 6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.
- 6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration
- 6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?**7.1 When seeking remuneration approval**

7.1.1 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.

7.1.2 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.

7.1.3 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 degree of detail will depend on the circumstances of the case, and professional guidance has been provided setting out a minimum of 6 category headings under which the work done by the officeholder and his staff should be analysed. As a firm BDO LLP operates a computerised time recording system which analyses work done under the following categories:-

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

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

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

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

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

- 7.1.4 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

7.2 After remuneration 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 (see further paragraph 8.1 below). 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

- 7.1.3 Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. 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

8 Progress reports and requests for further information

- 8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it);
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of

the work done during those periods, irrespective of whether payment was actually made during the period of the report,

- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period;
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9. Provision of information - additional requirements

The administrator 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

10 What if a creditor is dissatisfied?

10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). 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

- 10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

- 11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. 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.

12 Other matters relating to remuneration

- 12.1 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.
- 12.2 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.
- 12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13. Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date

**Killby & Gayford Group Limited; and
Killby & Gayford (Consolidation) Limited
- Both In Administration (together the “Companies”)**

**Danny Dartnaill and Shay Bannon of BDO LLP, 55 Baker Street, London, W1U 7EU appointed
Joint Administrators on 18 April 2012**

**Attached is information on the work undertaken in respect of this appointment together with
the policies of BDO LLP in respect of fees and disbursements for such work. This is
submitted in support of the request for approval of remuneration.**



**Killby & Gayford Group Limited; and
Killby & Gayford (Consolidation) Limited**

Attached to this report is a summary of the time spent in respect of these cases and the costs connected with that time. Also attached is a copy of the directors' Statement of Affairs

1) Background to Case

The Companies were holding companies within a group that offered niche fit-out and construction services. Following a downturn in the performance of the underlying trading business the Killby & Gayford group of companies (the "Group") encountered working capital difficulties. Unsuccessful attempts were made by the management of the Group to variously raise additional finance or sell the business.

Accordingly, the Companies were placed into Administration when it became clear that the business had no prospect of returning to solvency.

BDO LLP Remuneration and Disbursements Policy

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

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

GRADE	£
Partner1	645
Partner2	520
Director	446
Senior Manager	379-413
Manager	284-322
Assistant Manager	257
Senior Executive	240
Executive	175-193
Junior Executive	139
Trainee	88
Support staff/Secretary	88

The rates charged by BDO LLP, 55 Baker Street, London, W1U 7EU are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads

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

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



Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the 6 categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate.

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

2) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into 2 categories.

3) Category 1

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

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

Where applicable, disbursements will be subject to VAT at the prevailing rate.

4) Category 2

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

5) Detail of Work Undertaken

Upon my appointment, it was necessary for my staff to spend time understanding the likely flow of funds through the structure of the Group via intercompany balances. The remaining time has been spent preparing statutory reports.

6) Conclusion

We trust you have found this report informative regarding the work undertaken in respect of this insolvency. Any issues you may have arising from this report should be directed to Danny Dartnaill at BDO LLP, 55 Baker Street, London, W1U 7EU.

DD/JBS/10/C5

Rule 2.72

Our Ref: 7/JBS/ADM651 Proof of Debt/J6

PROOF OF DEBT

In The High Court of Justice
Chancery Division
Companies Court

No 3248/2012

Killby & Gayford Group Limited
- In Administration -

Date of Administration 18 April 2012

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the date it was given
- 9 Details of any reservation of title in respect of goods to which the debt refer
- 10 Signature of creditor
or other authorised person
Name in BLOCK LETTERS
Creditor's reference
- 11 Position or Relationship with Creditor
12 Address (if person signing is not the Creditor)

For Use of Administrator Only

13 Admitted to vote for £

 Date

 Joint Administrator

14 Admitted preferentially
 for £

 Date

 Joint Administrator

Admitted non-preferentially
for £

 Date

 Joint Administrator

Guidance Notes re Preferential Debts:

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

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

VAT Bad Debt Relief

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

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

Rule 2.72

Our Ref: 2/JBS/ADM651 Proof of Debt/J6

PROOF OF DEBT

In The High Court of Justice
Chancery Division
Companies Court

No 3251/2012

Killby & Gayford (Consolidation) Limited
- In Administration -

Date of Administration 18 April 2012

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the date it was given
- 9 Details of any reservation of title in respect of goods to which the debt refer
- 10 Signature of creditor
or other authorised person
Name in BLOCK LETTERS
Creditor's reference
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For Use of Administrator Only

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 Date

 Joint Administrator

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 for £

 Date

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Admitted non-preferentially
for £

 Date

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Rule 2.37

Creditor's request for a meeting

Name of Company

Kilby & Gayford Group Limited

Company number

06342552

In the
High Court of Justice, Chancery Division
(full name of court)Court case number
3248 of 2012(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the companyrequest a meeting of the creditors of (b)
Kilby & Gayford Group Limitedc/o BDO LLP
55 Baker Street
London
W1U 7EU

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

WEDNESDAY

COMPANIES HOUSE

Rule 2.37

Creditor's request for a meeting

Name of Company

Killby & Gayford (Consolidation) Limited

Company number

03538796

In the
High Court of Justice, Chancery Division
(full name of court)Court case number
3251 of 2012(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the companyrequest a meeting of the creditors of (b)
Killby & Gayford (Consolidation) Limitedc/o BDO LLP
55 Baker Street
London
W1U 7EU

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Killby & Gayford (Consolidation) Limited
Killby & Gayford Group Limited - (together the "Companies")
Both In Administration

(SUMMARY OF THE JOINT ADMINISTRATORS' PROPOSALS (TO BE DEEMED APPROVED ON 22 JUNE 2012 IN THE ABSENCE OF A CREDITORS' MEETING))

The Joint Administrators propose that:

- (a) they continue to realise assets in accordance with objectives 2 and 3 of the statutory purpose of the Administration;
- (b) where possible, they make payments to the secured creditors and distributions to the unsecured creditors from the prescribed part;
- (c) they exit the administration by way of dissolution; and
- (d) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors) Please note, if creditors wish to appoint a creditors' committee they must request a meeting of creditors using form 2.21B;

In the absence of a creditors committee,

- (e) creditors approve the remuneration of the Joint Administrators on a time costs basis.

A further resolution is put to the creditors:

- (f) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.