

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company Sharptone Limited	Company number 03568597
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	For court use only 3605 of 2006

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

We Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring, 43-45 Portman Square, London, W1H 6LY

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

From

To

(b) Insert date

22 November 2006

21 May 2007

Signed

Joint Administrator

Dated

14 June 2007

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 searches of the public record.

Menzies Corporate Restructuring
43-45 Portman Square
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have completed and signed this form please send it to the Registrar of Companies at
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SATURDAY

**The Charterhouse Food Group Limited ("CFG")
C.S.T. (Wholesale) Limited ("CST")
T.S.J. Woodhouse Limited ("TSJ")
Allens Limited ("ALL")
Sharptone Limited trading as Sproat and Harvey ("STL")
(All in Administration)
(together "The Charterhouse Food Group of Companies",
"the Companies" and "the Group")**

**Progress Report to Creditors
pursuant to Rule 2.47(1) of the
Insolvency Rules 1986 (as amended)**

30 May 2007

Names of Joint Administrators: Paul John Clark
Jason James Godefroy

Date of report: 30 May 2007

Appointed by: Directors

Company	Date of Appointment	Royal Courts of Justice Court Reference
The Charterhouse Food Group Limited	19 May 2006	3560 of 2006
C.S.T. (Wholesale) Limited	19 May 2006	3561 of 2006
T.S.J. Woodhouse Limited	19 May 2006	3562 of 2006
Allens Limited	19 May 2006	3559 of 2006
Sharptone Limited t/a Sproat and Harvey	22 May 2006	3605 of 2006

Menzies Corporate Restructuring
43-45 Portman Square
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1. INTRODUCTION

- 1.1 Paul John Clark and Jason James Godefroy of Menzies Corporate Restructuring ("MCR") were appointed Joint Administrators of The Charterhouse Food Group Limited ("CFG"), C.S.T. (Wholesale) Limited ("CST"), T.S.J. Woodhouse Limited ("TSJ") and Allens Limited ("ALL") on 19 May 2006, and Joint Administrators of Sharptone Limited ("STL") on 22 May 2006. Each of these appointments were made by the directors of the Companies pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 This report covers all five of the Companies. The Joint Administrators believe that this is appropriate as the Companies operated as a Group. In addition, the Companies' senior management and accounting functions were centralised and the Companies share some common creditors.
- 1.4 The purpose of this report is to detail the Joint Administrators' acts and dealings together with the conduct of the Administrations.
- 1.5 This report should be read in conjunction with the Joint Administrators' earlier report to creditors dated 13 December 2006.

2. BACKGROUND

- 2.1 CFG was incorporated on 14 July 2005. It was the holding company of the Group, with CST, TSJ, ALL and STL being wholly owned subsidiaries of CFG. Statutory information on each of the Companies and summaries of their financial positions are set out at Appendix 1.
- 2.2 CFG was established in order to bring together the businesses of CST, TSJ, ALL and STL in an attempt to create the largest quality meat wholesaler within the M25. On 12 December 2005, all of the issued share capital of CST, STL, TSJ and the business and assets of Richard Garrett Limited (formerly Allens Limited), which traded as Allens of Mayfair, was acquired by CFG to form the Group.
- 2.3 Following the formation of the Group, in February 2006 the operations of TSJ were moved to the CST premises in New Covent Garden as part of the consolidation process. The remaining Group companies continued to trade from their respective premises.
- 2.4 The majority of employees from CST, TSJ, ALL and STL were retained throughout this consolidation process. However, a number of TSJ employees were made redundant before the remaining employees of TSJ and ALL were transferred to CST.
- 2.5 The main causes of the Group's failure were as follows.
 - 2.5.1 The integration of the Group's finance functions not proceeding as well as the directors would have liked, resulting in deficiencies with the financial controls and financial management of the Group.
 - 2.5.2 A fall in sales turnover due to certain commercial customers sourcing products from alternative suppliers to avoid reliance on one supplier, being the Group.

- 2.5.3 The occurrence of pricing errors leading to customers being charged higher prices than they were used to being charged prior to the consolidation. This resulted in a fall in sales.
- 2.5.4 Failure to process credit notes in a timely manner, resulting in chefs missing their monthly profit targets, leading to a further fall in sales.
- 2.5.5 Difficulties in supplying goods to customers' premises on time, as a result of the integration, leading to further falls in turnover.
- 2.6 As a result of the above, the Group quickly began to experience cashflow problems.
- 2.7 On 4 May 2006, TSJ received a statutory demand in respect of unpaid rent totalling £18,837 and on 12 May 2006 the Inland Revenue issued a distraint notice in respect of a debt of £25,249 due from CST.
- 2.8 The directors sought a potential purchaser for the Group. However, a purchaser could not be found and it became apparent that the Companies were unable to pay their debts as they fell due.
- 2.9 The directors were left with no alternative but to appoint Administrators to the Companies. Paul Clark and Jason Godefroy of Menzies Corporate Restructuring were appointed Joint Administrators of CFG, CST, TSJ and ALL on 19 May 2006, and STL on 22 May 2006.
- 2.10 The purpose of an Administration is to achieve the following hierarchical objectives:
- Rescuing the company as a going concern; or
 - 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
 - Realising property in order to make a distribution to one or more secured or preferential creditors
- 2.11 The Joint Administrators are continuing to pursue the third of the above objectives

3. ASSET REALISATIONS

C.S.T. (Wholesale) Limited

Book Debts

- 3.1 CST's book debts are subject to an invoice discounting agreement with Landsbanki Commercial Finance ("LCF").
- 3.2 The gross book debt ledger outstanding as at the date of the Joint Administrators' appointment stood at £1,202,161
- 3.3 The book debt collection process has now ceased with collections totalling £982,728. The Company issued credit notes of £7,055

- 3.4 Of the outstanding balance of £212,378, approximately £127,328 relates to un-collectable inter-company debts, £5,016 relates to debts offset by creditors against outstanding balances due from the Company and £80,034 relates to disputed debts or debtors who have entered into formal insolvency proceedings and are not collectable. All outstanding balances have been written off in full.

- 3.5 Bradbury Financial Services Limited ("Bradbury") were appointed to collect CST's book debts.

Leasehold Premises, Office Furniture, Computer Equipment and Chattel Assets

- 3.6 CST traded from leasehold premises at Units B65-70 New Covent Garden ("the Premises"). The Premises were leased from the Covent Garden Market Authority.

- 3.7 The landlord held a rent deposit of approximately £37,895. It was established that in the event that CST surrendered its interest in the Premises, it was unlikely that the Joint Administrators would recover any of the deposit as the rent was in arrears and the landlord would have a claim for dilapidations due to significant alterations made to the premises. In addition, no realisations would have been made in respect of the built in refrigeration and fixtures and fittings. As a result, the Joint Administrators sought to assign CST's interest in the premises to a third party.

- 3.8 After a prolonged period of negotiations with interested parties and the landlord, on 18 August 2006 the Joint Administrators achieved a successful sale of CST's interest in the Premises and all fixtures and fittings and chattel assets situated at the Premises, for a consideration of £35,000 plus VAT to the Personal Catering Company Limited.

- 3.9 In addition, a sum of approximately £7,400 was realised from The Personal Catering Company Limited as a contribution towards the rent payable.

- 3.10 Following the sale, the sum of £1,670 was paid to HM Revenue & Customs in settlement of their distraint notice

Stock

- 3.11 As at the date of the Joint Administrators' appointment, CST held some stock consisting of various raw meat and game products

- 3.12 The Joint Administrators' agents, Bache Treharne ("Bache"), successfully sold the stock on 19 May 2006 for £9,500

Deferred Sales Consideration

- 3.13 As mentioned in the Joint Administrators' earlier report, LCF transferred £40,641 into CST's estate bank account. This is a refund of sales consideration received by the Group pursuant to provisions contained in the sales agreements dated 16 November 2005.

- 3.14 The Joint Administrators are advised that the refund relates to a downward adjustment of the net asset calculation used to determine the sale consideration paid to the vendors of STL. As a result of the adjustments, a refund has arisen which is due to The Charterhouse Food Group Limited which purchased the shares of STL.

Shares and Investments

- 3.15 As previously reported, CST has an 11% shareholding in a company called NCB Food Services Limited. Mr G Simcock, a director of CST, is also a director of NCB Food Services Limited

- 3.16 A dividend of £3,000 in respect of this shareholding has been received by the Joint Administrators.
- 3.17 The Joint Administrators contacted NCB Food Services Limited ("NCB") to establish if there are any parties interested in purchasing the shares. NCB responded and expressed an interest in purchasing its shareholding from the Company. The Joint Administrators have yet to conclude negotiations with NCB.
- 3.18 It should be noted that pursuant to NCB's Articles of Association, restrictions are imposed on the transfer of its shares. These restrictions are expected to apply to the Company's shareholding in NCB which may impact on their value.

Cash at Bank

- 3.19 CST banked with Coutts & Co ("Coutts") and Lloyds TSB Bank plc ("Lloyds").
- 3.20 At the time of the Joint Administrators' appointment, the Coutts bank account contained funds of £838 in respect of receipts from debtors. These funds, together with further book debt receipts, were transferred to the invoice discounting trust account for CST operated by LCF.
- 3.21 At the date of the Joint Administrators' appointment, the Lloyds bank account was overdrawn by approximately £25,647.

Motor Vehicles

- 3.22 As mentioned in the Joint Administrators' previous reports, the Group owned, leased or hired thirty-one motor vehicles. Twelve of these vehicles were subject to contract hire and were returned to the hire company.
- 3.23 It was identified that CST owned six vehicles.
- 3.24 A vehicle has been written off as it has been retained by a garage in lieu of outstanding costs for work carried out prior to the Joint Administrators' appointment. The approximate value of the vehicle was £1,500 and Bache have advised that it is uneconomic to pursue CST's interest in it.
- 3.25 A further vehicle remains unaccounted for and was not present at the date of the Joint Administrators' appointment. Investigations are currently ongoing but it is anticipated that the vehicle will be written off in due course.
- 3.26 The Joint Administrators' agents, Bache, sold the remaining four vehicles for £16,100 plus VAT. The vehicles were sold by way of a tender sale held on 30 June 2006. No further realisations are expected.

Pre-Appointment VAT refund

- 3.27 As previously reported, the Joint Administrators realised £47,685 in respect of a pre-administration VAT refund. However, HM Revenue & Customs advised the Joint Administrators that this refund was paid in error and should be repaid to them.
- 3.28 The Joint Administrators have been in correspondence with HM Revenue and Customs and on 27 March 2007, HM Revenue and Customs confirmed that the pre-appointment VAT refund was due to CST and could not be set off against outstanding monies owed to other crown departments. In addition, HM Revenue and Customs confirmed that the additional pre-appointment refund of £670 had also been approved for payment.

- 3.29 Realisations of £48,356 have been achieved from this source. No further realisations are expected.

Other Assets

- 3.30 Gross bank interest of £1,422 has been received to date by the Joint Administrators.
- 3.31 Sundry refunds of £324 have also been realised.

Richard Garrett Limited ("RG")

- 3.32 Pursuant to the terms of the share sale agreement relating to the shares in CST ("Agreement"), the amount of any of the acquired book debts of CST which were not paid by the debtor within three months from the date of completion, should be paid by RG to the purchaser.
- 3.33 The Joint Administrators' book debt collection agents, Bradbury, have advised that £34,272 of the acquired book debts remain outstanding and therefore are due to be re-paid.
- 3.34 The Joint Administrators are in correspondence with RG. RG have requested certain information pursuant to the terms of the Agreement and this information has recently been sent to RG. However, the representative of RG who is dealing with this matter spends a significant proportion of his time overseas and has recently advised that he is out of the country until the end of this month. The issue remains unresolved.

T.S.J. Woodhouse Limited

Book Debts

- 3.35 As previously reported, TSJ's book debts are subject to an invoice discounting agreement with LCF.
- 3.36 The outstanding gross book debt ledger as at the date of the Joint Administrators' appointment stood at £76,008.
- 3.37 The book debt collection process has now ceased with collections totalling £60,885. The Company issued credit notes of £4,603.
- 3.38 The remaining balance of £10,520 has been written off as it relates to various disputed debts and uncollectable inter-company balances.
- 3.39 Of the outstanding balance of £10,520, approximately £1,164 relates to un-collectable inter-company debts, £845 relates to debts offset by creditors against outstanding balances due from the Company and £8,511 relates to various disputed debts. All outstanding balances have been written off in full.
- 3.40 Bradbury were appointed to collect TSJ's book debts.

Leasehold Premises

- 3.41 TSJ formerly traded from leasehold premises situated at 72-79 Blundell Street, London, N7 9BL.
- 3.42 As previously reported, the Joint Administrators' property agents, Currell Commercial ("Currell"), advised that there was no equity in the lease.

- 3.43 Accordingly, the Joint Administrators consented to the forfeiture of the lease on 26 July 2006. The lease was forfeited with effect from 17 August 2006.

Chattel Assets

- 3.44 As previously reported, the chattel assets located at the vacant premises at 72-79 Blundell Street were reviewed by Bache. Bache advised that they have no realisable value.
- 3.45 The Joint Administrators confirmed to the solicitors of the landlord on 31 July 2006 that TSJ had no further interest in these assets.

Cash at Bank

- 3.46 TSJ banked with Lloyds and NatWest Bank ("NatWest").
- 3.47 At the time of the Joint Administrators' appointment, the NatWest bank account had a nil balance.
- 3.48 The Lloyds account was in credit by approximately £626 as at the date of the Joint Administrators appointment. These funds were transferred to the TSJ Administration account after the deduction of bank charges.
- 3.49 In addition, the Joint Administrators subsequently realised the balance of a deposit of £1,832 from NatWest. The deposit was connected with TSJ's credit card facility which had been closed prior to the Joint Administrators' appointment. No further realisations are expected.

Motor Vehicles

- 3.50 As previously reported, TSJ owned two motor vehicles
- 3.51 Both vehicles have been sold by Bache for a total sales consideration of £10,700 plus VAT where applicable.

Other Assets

- 3.52 Sundry refunds of approximately £301 have been received by the Joint Administrators
- 3.53 Gross bank interest of £131 has been received to date by the Joint Administrators

Allens Limited

Book Debts

- 3.54 At the date of the Joint Administrators' appointment, ALL's gross sales ledger stood at £73,674.
- 3.55 The book debt collection process has now ceased with collections totalling £46,739. The Company issued credit notes of £3,545.
- 3.56 The remaining balance of £23,390 consists of many small outstanding debts which have been written off in full as the debts are either disputed or they are uneconomical to pursue further.
- 3.57 Bradbury were appointed to collect ALL's book debts.

Cash at Bank

- 3.58 ALL banked with Lloyds and the account was overdrawn by approximately £4,923 as at the date of the Joint Administrators' appointment.
- 3.59 As previously reported, £5,000 was transferred to ALL on 22 May 2006 from STL. This resulted in the account being in credit by £76. These funds were transferred to ALL's administration account after the deduction of bank charges, realising the sum of £19.
- 3.60 The Joint Administrators' investigation into the above transfer of funds is ongoing.

Richard Garrett Limited ("RG")

- 3.61 Following the formation of the Group, the Joint Administrators understand that an informal agreement was reached with RG, the vendors, that sales in the Allens of Mayfair shop via the credit and debit card facility would continue to be paid into RG's bank account. The funds would then be periodically transferred from RG's bank account into a Group bank account less charges.
- 3.62 Although the Joint Administrators have yet to be provided with proof of the existence of the agreement, it is understood that RG received monies via the credit and debit card facility, and are currently retaining a sum of money in this regard. The Joint Administrators are seeking to recover these funds, which are not due to RG.
- 3.63 Pursuant to the terms of the sale and purchase agreements of the assets of Allens Limited dated 16 November 2005, the amounts of any of the acquired book debts of ALL which have not been paid by the debtor within three months of the date of completion, should be paid by RG to the purchaser.
- 3.64 The Joint Administrators' book debt collections agents, Bradbury, advised that £3,422 of acquired book debts remain outstanding and are therefore due to be repaid to the purchaser.
- 3.65 The Joint Administrators have recently been in correspondence with RG concerning these issues but, as previously mentioned in this report, the representative of RG spends a significant proportion of his time overseas and has recently advised that he is out of the country until the end of this month. These issues remain unresolved.

Other Assets

- 3.66 Bank interest of £27 has been realised to date.

Sharptone Limited

Book Debts

- 3.67 At the date of the Joint Administrators' appointment the gross book debt ledger of STL stood at £219,945.
- 3.68 The book debt collection process has now ceased with collections totalling £84,615. Included in collections are £6,463 of debtor realisations reflected as cash at bank on the receipts and payments account attached at appendix 2.

3.69 Of the outstanding balance of £135,330, approximately £85,282 relates to un-collectable inter-company debts, £3,321 relates to debts offset by creditors against outstanding balances due from the Company and £46,727 relates to various disputed debts. All outstanding balances have been written off in full.

3.70 Bradbury were appointed to collect the book debts of STL.

Freehold Property

3.71 STL owed a freehold property situated at 10 St John Street, Smithfield, London, EC1M 4AY.

3.72 As previously reported, the Joint Administrators accepted an offer from Micagold Limited for £460,000. The sale of the property completed on 30 August 2006.

3.73 As previously stated, the property was subject to a fixed charge in favour of LCF.

3.74 The Joint Administrators earlier reports advised creditors that the sale of the property may give rise to a chargeable gain for corporation tax purposes. As a consequence, the Joint Administrators appointed tax advisers to review the corporation tax position.

3.75 A corporation tax return has been completed by the Joint Administrators' tax advisers which has been recently submitted to HM Revenue and Customs on the basis that the sale of the property does not give rise to a chargeable gain. The corporation tax return has yet to be agreed by HM Revenue and Customs.

Chattel Assets

3.76 As previously reported, the disposal of the chattel assets used in the business of STL was managed by the Joint Administrators' agents, Bache. The sum of £300 was realised for these assets

Cash at Bank

3.77 STL banked with Lloyds and Coutts.

3.78 As previously reported, STL's Lloyds account was overdrawn by approximately £121. The Coutts accounts were in credit by £6,463. These funds were transferred into the STL Administration bank account.

3.79 The Joint Administrators are continuing to investigate the transfer of £25,000 from STL's Lloyds account to CST and ALL on 22 May 2006, the date of the Joint Administrators' appointment

Other Assets

3.80 Bank interest of £1,420 has been realised to date.

The Charterhouse Food Group Limited

3.81 As previously reported, the business and assets of Richard Garrett Limited (formerly Allens Limited) were acquired by CFG under the terms of an agreement dated 16 November 2005.

Leasehold premises

- 3.82 The "Allens of Mayfair" business was operated from leasehold premises situated at 117 Mount Street, Mayfair, London.
- 3.83 The lease for the aforementioned property was not formally assigned to any of the Companies. The Joint Administrators' solicitors, Addleshaw Goddard, advised that the Companies had no realisable interest in this lease.

The Trading Name "Allens" and Chattel Assets

- 3.84 As previously reported, the Companies had no realisable interest in the lease and therefore it was not possible for the Joint Administrators to sell a going concern business as such. In addition, the landlord of the property decided to grant access to the property to Rare Butchers of Distinction Limited ("Rare") and allow them to commence trading from the premises with effect from 20 May 2006.
- 3.85 As a result, the Joint Administrators concluded that if any value is achieved for the trading name "Allens", a quick sale would need to be effected. After a short period of negotiations, a sale of the trading name "Allens", together with the majority of the chattel assets, fixtures and fittings located at 117 Mount Street was concluded to Rare for a total consideration of £10,000 plus VAT.
- 3.86 A further £300 was realised by Bache as consideration for the sale of further chattel assets located at the premises.
- 3.87 No further realisations are expected.

Cash at Bank

- 3.88 CFG banked with Coutts.
- 3.89 Coutts have confirmed the account was dormant prior to the appointment of the Joint Administrators with a nil balance.

Motor Vehicles

- 3.90 As previously reported, CFG owned nine motor vehicles.
- 3.91 The vehicles were sold by Bache for a total sales consideration of £42,412.

Richard Garrett Limited ("RG")

- 3.92 As mentioned at paragraphs 3.13 and 3.14 above, LCF transferred £40,641 into CST's estate bank account. This is a refund of sales consideration pursuant to provisions contained in the sale agreements dated 16 November 2005.
- 3.93 CFG acquired the shares of STL pursuant to the terms of the share sale agreement dated 16 November 2005. The consideration paid by CFG for STL's shares was dependent upon the value of STL's net assets. The refund of £40,641 arose due to a downward adjustment to the net asset calculation used to value STL's net assets. No further realisations are expected.

Other Assets

- 3.94 Bank interest of £488 has been realised to date

Receipts and Payments

- 3.95 Attached at appendix 2 are the Joint Administrators' receipts and payments accounts for the Companies.

4. CREDITORS' MEETINGS

- 4.1 You will recall from our previous report that pursuant to Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, creditors' meetings were not required to be held as there will be insufficient assets to enable a distribution to unsecured creditors other than from the prescribed part pursuant to Section 176A of the Insolvency Act 1986, if any.
- 4.2 No meetings were convened and in accordance with Rule 2.33(5) of the Insolvency Rules 1986 the Administrators' proposals were deemed to have been approved by the Companies' creditors.

5. INVESTIGATIONS

- 5.1 The directors' conduct reports for all Companies were submitted to the Insolvency Practitioners Compliance Unit on 14 November 2006.
- 5.2 The Joint Administrators are currently reviewing the statutory declarations of solvency under S155(6) of the Companies Act 1985 executed by the directors of the Companies. Following advice from the Joint Administrators' solicitors, a review of relevant information has been undertaken. In conjunction with the review, the Joint Administrators recently requested and received financial information from the Group's accountants relevant to their enquiries. The Joint Administrators will continue their investigations with a view to assessing whether any actions can be commenced to reclaim funds for the benefit of creditors.
- 5.3 In addition, the Joint Administrators are continuing their investigations into a short term loan made to CFG. The Joint Administrators have requested further information from a director of the company. This information has yet to be received.

6. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditor

Landsbanki Commercial Finance ("LCF")

- 6.1 In consideration for monies advanced to the Group, CFG, CST, TSJ and STL granted debentures to LCF conferring fixed and floating charges over the whole of their assets.
- 6.2 LCF also holds a deed of guarantee and indemnity granting LCF cross guarantees in respect of CFG, CST, TSJ and STL.
- 6.3 As at the date of the Joint Administrators' appointment, the total indebtedness to LCF was approximately £1,125,000, subject to accruing interest and charges.
- 6.4 LCF have been repaid in full including charges.

Preferential Creditors

- 6.5 The preferential creditors' claims will consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the Secretary of State for Trade and Industry following payment by the Redundancy Payments Office ("RPO").
- 6.6 In addition to any outstanding employee preferential claims, the Joint Administrators have been notified of the preferential claims set out below.

C.S.T. (Wholesale) Limited

- 6.7 The RPO submitted a preferential claim totalling £18,260 for payments made to employees.
- 6.8 Based upon current information, it appears unlikely that there will be sufficient funds available to enable a distribution to preferential creditors. Should this position change, preferential creditors will be advised accordingly.

Sharptone Limited

- 6.9 The RPO submitted a nil preferential claim.
- 6.10 It is currently uncertain as to whether there will be sufficient funds available to enable a distribution to preferential creditors.

T.S.J. Woodhouse Limited

- 6.11 The RPO submitted a preferential claim totalling £7,094 for payments made to employees
- 6.12 Based upon current information, it appears unlikely that there will be sufficient funds available to enable a distribution to preferential creditors. Should this position change, preferential creditors will be advised accordingly.
- 6.13 Please note that the Joint Administrators have not adjudicated upon any preferential creditors' claims at this stage.

Prescribed Part

- 6.14 Pursuant to section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003, a prescribed part of the Company's net property shall be made available to non-preferential creditors.
- 6.15 The prescribed part is calculated as a percentage of net property, as follows:-
- | | |
|-----------------------------------|---|
| Net property less than £10,000: | 50% unless the costs of the distribution outweigh the benefits |
| Net property is at least £10,000: | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000. |
- 6.16 As the secured creditor, LCF, has been repaid in full, no prescribed part calculations will be necessary.

Non-Preferential Creditors

- 6.17 Based upon the current information available, it is anticipated that there will be insufficient realisations to enable a distribution to the non-preferential creditors of CST, TSJ, ALL and CFG. There is a possibility of a dividend to the non-preferential creditors of STL. However, it should be noted that this is currently uncertain.

7. JOINT ADMINISTRATORS' REMUNERATION

- 7.1 In accordance with Rule 2.106 of the Insolvency Rules 1986 (as amended), the Joint Administrators sought the approval of the secured and, where applicable, preferential creditors in respect of their remuneration. The Joint Administrators' remuneration is fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administrations.

The Charterhouse Food Group Limited

- 7.2 The Joint Administrators' remuneration was approved by the secured creditor, LCF.
- 7.3 The Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007 total £43,171. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £31,600 to date.

C.S.T. (Wholesale) Limited

- 7.4 The Joint Administrators' remuneration was approved by CST's secured creditor, LCF, and the preferential creditors
- 7.5 The Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007 total £111,529. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £80,000 to date.

T.S.J. Woodhouse Limited

- 7.6 The Joint Administrators' remuneration was approved by the secured creditor, LCF.
- 7.7 The Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007 total £42,489. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn £21,000 to date.

Sharptone Limited

- 7.8 The Joint Administrators' remuneration was approved by STL's secured creditor, LCF, and the preferential creditors.
- 7.9 The Joint Administrators' time costs for the period 22 May 2006 to 30 May 2007 total £58,122. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have drawn remuneration of £48,800 to date.

Allens Limited

- 7.10 The Joint Administrators' remuneration has yet to be approved

- 7.11 The Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007 total £28,423. An analysis of these time costs is set out at Appendix 3. The Joint Administrators have not drawn any remuneration to date.
- 7.12 The Joint Administrators' proposals advised creditors that pursuant to paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, creditors' meetings would not be convened as the Joint Administrators believed that there would be insufficient property to enable a distribution to be made to unsecured creditors, other than the prescribed part (if any). Having made this statement, consent for the Joint Administrators' remuneration must be sought from ALL's secured creditor and, if applicable, preferential creditors. The Joint Administrators are unable to obtain the necessary consent and draw remuneration as ALL has no secured or preferential creditors.
- 7.13 Consequently, the Joint Administrators are likely to have to may make an application to Court upon completion of all outstanding matters to fix the Joint Administrators' remuneration and obtain a discharge of liability pursuant to Paragraph 98(2) of Schedule B1 to the Insolvency Act 1986.
- 7.14 A creditors guide to Administrators' fees is attached to this report at Appendix 4.

8. EXTENSION OF ADMINISTRATIONS

- 8.1 On 4 April 2007, the Joint Administrators instructed their solicitors, Addleshaw Goddard, to prepare a written application to court to extend the terms of the Administrations for a period of six months in accordance with Paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986 (as amended).
- 8.2 The extensions are necessary so that the Joint Administrators can address a number of remaining outstanding issues. The main outstanding issues are as follows:
- 8.2.1 The Joint Administrators are currently dealing with a number of group occupational pension schemes. The schemes are as follows:
- TSJ Woodhouse (1985) Executive Pension Scheme;
 - TSJ Woodhouse Plan 88, and;
 - Consumer Supplies Trading Co. Limited (1984) Pension Plan
- The Joint Administrators have appointed pension agents to advise and assist with the outstanding issues which include the execution of certain deeds, the quantification of arrears of pension contributions and other statutory and non-statutory obligations.
- 8.2.2 To conclude the Joint Administrators' reviews of the statutory declarations of solvency under S155(6) of the Companies Act 1985 executed by the directors of CST, TSJ and STL and consider commencing appropriate actions to reclaim funds for the benefit of the relevant companies' creditors.
- 8.2.3 To calculate and submit corporation tax returns for the Companies. This includes dealing with the calculation of any possible chargeable gain as a result of the sale of STL's property.
- 8.2.4 Conclude negotiations with NCB Food Services Limited for the sale of CST's shareholding in NCB.

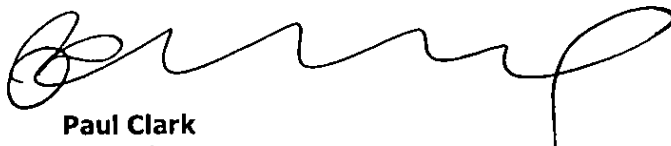
- 8.2.5 To conclude matters with Richard Garrett Limited including sales monies banked into RG's bank account after the formation of the Group via the credit and debit card facility and reclaim the value of book debts which remain unpaid three months after the formation of the Group.
- 8.2.6 Investigations into the transfer of £25,000 from STL's Lloyds bank account to CST and ALL's bank accounts.
- 8.2.7 Final case administrative issues including obtaining the requisite clearances prior to closure, closing of the estate bank accounts and various other issues.
- 8.3 Prior to the Joint Administrators filing the written application at court, the Joint Administrators received, on 19 April 2007, 24 April 2007 and 8 May 2007, variously dated letters from twelve creditors of the Group ("the Objecting Creditors"). The content of the letters is similar and each contains the following paragraphs:
- "We are of the view that an alternative exit strategy to that proposed by you would be of greater benefit to creditors. We therefore serve you with notice requesting a meeting of creditors to pass a resolution changing the exit strategy to that of compulsory liquidation in the place of dissolution. In the alternative, please confirm by return that you will consent to a petition for the company to be wound up.
- Furthermore, we propose that Mr Elliot Green of Oury Clark Accountants be appointed as liquidator."
- 8.4 The letters advised that each of the twelve creditors are specifically creditors of CFG. The Joint Administrators felt that the Objecting Creditors were not creditors of CFG and therefore conducted an analysis to identify with which of the Companies the Objecting Creditors' claims lay. The analysis concluded that the Objecting Creditors are creditors of CST, TSJ and STL only.
- 8.5 The analysis also concluded that the Objecting Creditors debts amount to at least 10% of the total debts of CST and TSJ but less than 10% of the total debts of STL. Therefore, pursuant to Paragraph 56(1)(a) of Schedule B1 to the Insolvency Act 1986 ("the Act"), the Joint Administrators were served with notice to convene meetings of creditors of CST and TSJ.
- 8.6 The Joint Administrators contacted Mr Green on 30 April 2007 to discuss the Objecting Creditors' letters, with a view to understanding the motivation behind the Objecting Creditors' requests and advise Mr Green of the conclusion of the Objecting Creditor claims analysis. Mr Green advised that the Objecting Creditors were under the impression that the Companies were to be dissolved on the automatic ends of the Administrations. The Joint Administrators advised Mr Green that this was not their intention for the reasons detailed at paragraph 8.2 and that their solicitors had been instructed to extend the terms of the Administrations prior to the receipt of the Objecting Creditors letters.
- 8.7 The Joint Administrators also advised that they are content to comply with the Objecting Creditors' requests to convene meetings of CST and TSJ creditors. However, it was explained to Mr Green that although it was possible to convene meetings of creditors prior to 18 May 2007, there was insufficient time to implement the outcome of such creditors' meetings prior to the automatic end of the Administrations. This view was supported by the Joint Administrators' solicitors.

- 8.8 In addition, in accordance with Rule 2.37(3) and (4) of the Insolvency Rules 1986, the Joint Administrators advised Mr Green that the Objecting Creditors are required to pay for the costs and expenses incurred in summoning and holding the meetings of creditors. The Joint Administrators requested the Objecting Creditors pay £3,500 plus VAT for these costs ("the Deposit"). This takes into consideration that there are approximately 450 creditors of CST and approximately 570 creditors of TSJ.
- 8.9 Mr Green responded to the Joint Administrators' various communications to express his disagreement to the Joint Administrators' proposed strategy. Despite attempts to resolve the position, an agreement could not be reached. At this stage, the Joint Administrators instructed their solicitors to contact Mr Green to discuss any issues he may have, including the extensions to the terms of the Administrations. Unfortunately, the position remained unresolved.
- 8.10 In view of the above, the Joint Administrators instructed their solicitors to proceed and make an application to court to extend the terms of the Administrations. Given the circumstances, the Joint Administrators felt that the applications should be explained to court given their relative complexity. The application filed at court was served on Mr Green prior to the court hearing to ensure the Objecting Creditors were fully informed of the steps taken by the Joint Administrators.
- 8.11 On 9 May 2007, Mr Green advised the Joint Administrators that he intended to give the court notice of the Objecting Creditors' objection to the extension of the period of the Administration.
- 8.12 On 15 May 2007, Mr Green faxed a letter to the court setting out various issues and requesting the court consider the following directions:
- (1) That the Administrators' terms of office be extended for a period of 3 months
 - (2) The Administrators call a meeting of creditors forthwith to afford all creditors the opportunity to vote on resolutions, including but not limited to the companies being placed immediately into compulsory liquidation or placed on such an exit route
 - (3) The Administrators are obliged to send out to all the creditors the progress report provided to the Court with the application
- 8.13 On 16 May 2007, the Joint Administrators applications to extend the terms of the Administrations were presented to court. This included the fax submitted by Mr Green dated 15 May 2007. After due consideration, the court granted the following orders for CST, TSJ, CFG, ALL and STL:
- The Administrators' terms of office be extended pursuant to paragraph 76(2)(a) of Schedule B1 of the Insolvency Act 1986 for a period of six months,
 - The costs of and incidental to this Application be paid as an expense of the administration, and;
 - The Administrators be relieved of any obligation to send out to the creditors of the Company the progress report provided to Court with the Application ("Progress Report") but the Administrators must hold a copy of the Progress Report available for inspection on reasonable notice by any person claiming to be a creditor of the Company.

- 8.14 Creditors should note that the Joint Administrators have not convened meetings of creditors in accordance with Paragraph 56 of Schedule B1 to the Act and Rule 2.35 of the Insolvency Rules 1986, as the Objecting Creditors have not provided the Joint Administrators with the Deposit. Rule 2.37(4) states that the Joint Administrators shall not act without the Deposit having been made. This information has been communicated to Mr Green.

9. CONCLUSIONS

- 9.1 Following the court granting extensions to the terms of the Administrations, the Joint Administrators will continue to progress the Administrations and address the outstanding matters including those set out at paragraph 8.2 of this report.
- 9.2 In accordance with the Joint Administrators' proposals, upon completion of all outstanding matters, necessary steps will be taken to give notice to the Registrar of Companies to the effect that the Companies have no further property which might permit further distributions to creditors, at which time the Administrations will cease. Notice will be served on all creditors at that time.
- 9.3 In the event that other realisations exceed current expectations leading to funds becoming available for non-preferential creditors, then the Joint Administrators would propose to place the relevant company into Creditors' Voluntary Liquidation in order to effect a distribution, in accordance with the proposals. While this is extremely unlikely to be the case with CFG, CST, TSJ and ALL, it remains a possibility in the case of STL.
- 9.4 Creditors should note that in certain circumstances it may be appropriate to place a Group company into liquidation to take certain actions which are not available in the Administration procedure to reclaim funds for the benefit of creditors. For the avoidance of doubt, should the Joint Administrators conclude that such actions should be taken, the Joint Administrators will take the necessary steps to place the relevant Group company into liquidation for that purpose.
- 9.5 In accordance with the orders granted by the court to extend the terms of the Administrations, the progress report pursuant to Rule 2.112 of the Insolvency Rules 1986 which accompanied the Joint Administrators' application to court is available for inspection by creditors at the offices of the Joint Administrators on reasonable notice. Please note that the content of that report is similar to this report.
- 9.6 Should you require further information or assistance, please contact my colleague Rob Goodhew in the first instance.



Paul Clark
Joint Administrator

Encs.

APPENDIX 1



STATUTORY INFORMATION

Company	The Charterhouse Food Group Limited	
Date of incorporation	14 July 2005	
Registered number	05509042	
Company directors	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB Mr R Woodhouse, 2 Shellbrook Cottages, College Road Ardingly, West Sussex, RH17 6SQ	
Company secretary	Scrip Secretaries Limited	
Shareholders	Mr P Reid Mr S Reid Mr G Simcock, Mr I Woodhouse Mr B Woodhouse Mr G Hucks HSBC Global Custody Nominee (UK) Limited The Executors of Richard Peter Relf Garrett (Deceased)	
Head office	Units B65-70 New Covent Garden 9 Elms Lane Vauxhall London SW8 5HH	
Registered Office	Current: 43-45 Portman Square London W1H 6LY	Formerly: 5 th Floor 17 Hanover Square London W1S 1HU
Any Other Trading Names:	None	
Financial Information:	The Company was a holding company and did not trade	

STATUTORY INFORMATION

Company	C.S.T. (Wholesale) Limited	
Date of Incorporation	16 July 2001	
Registered number	04252549	
Company directors	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB	
Company secretary	Scrp Secretaries Limited	
Shareholder	The Charterhouse Food Group Limited – 100%	
Head office	Units B65-70 New Covent Garden 9 Elms Lane Vauxhall London SW8 5HH	
Registered Office	Current: 43-45 Portman Square London W1H 6LY	Formerly: 5 th Floor 17 Hanover Square London W1S 1HU
Any Other Trading Names:	Allens	

Financial Information	Period Ended 31 March 06 (Draft Management Accounts) £	Year Ended 31 March 05 (Audited) £	Year Ended 31 March 04 (Audited) £	Year Ended 31 March 03 (Audited) £
Turnover	5,397,991	3,607,513	4,371,948	Unknown
Gross Profit	1,070,932	854,205	1,003,844	Unknown
Retained profit/(loss) for the year	(186,812)	25,791	50,519	Unknown

STATUTORY INFORMATION

Company	T.S.J. Woodhouse Limited		
Date of incorporation	9 July 1935		
Registered number	00302804		
Company director	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB Mr R Woodhouse, 2 Shellbrook Cottages, College Road Ardingly, West Sussex, RH17 6SQ		
Company secretary	Scrip Secretaries Limited		
Shareholder	The Charterhouse Food Group Limited – 100%		
Head office	Unit B65-70 New Covent Garden 9 Elms Lane Vauxhall London SW8 5HH		
Registered Office	Current:	Formerly:	
	43-45 Portman Square London W1H 6LY	72-98 Blundell Street London N7 9TS	
Any Other Trading Names:	Allens		

Financial Information	Period Ended 31 March 06 (Draft Management Accounts) £	Year Ended 30 June 05 (Audited) £	Year Ended 30 June 04 (Audited) £	Year Ended 30 June 03 (Audited) £
Turnover	2,148,149	4,926,609	5,507,913	5,638,076
Gross Profit	436,084	967,218	1,281,520	1,370,054
Retained profit/(loss) for the year	(237,489)	(66,557)	(26,740)	(675,713)

STATUTORY INFORMATION

Company	Allens Limited	
Date of incorporation	9 April 2001	
Registered number	04196618	
Company directors	Mr P Reid, 135 Taybridge Road, London, SW11 5PY Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB	
Company secretary	Scrip Secretaries Limited	
Shareholder	The Charterhouse Food Group Limited – 100%	
Head office	117 Mount Street Mayfair London W1K 3LA	
Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	5 th Floor 17 Hanover Square London W1S 1HU
Any Other Trading Names:	Allens Allens of Mayfair Allens Wholesale Limited	
Financial Information:	N/A – The company was dormant throughout the years ended 31 March 2003, 2004 and 2005.	

STATUTORY INFORMATION

Company Sharptone Limited

Date of incorporation 21 May 1998

Registered number 03568597

Company directors Mr P Reid, 135 Taybridge Road, London, SW11 5PY
Mr G Simcock, 37 Mayfield Mansions, 94 West Hill, London, SW15 2YB

Company secretary Scrip Secretaries Limited

Shareholder The Charterhouse Food Group Limited – 100%

Head office 10 St John Street
London
EC1M 4AY

Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	5 th Floor 17 Hanover Square London W1S 1HU

Any Other Trading Names: Sproat & Harvey

Financial Information	Year Ended 31 March 06 (Draft Management Accounts) £	Year Ended 31 March 05 (Unaudited) £	Year Ended 31 March 04 (Unaudited) £	Year Ended 31 March 03 (Unaudited) £
Turnover	1,271,124	1,419,696	1,478,509	1,621,426
Gross Profit	143,129	185,315	180,955	242,612
Retained profit / (loss) for the year	13,523	6,512	2,996	39,532

APPENDIX 2



The Charterhouse Food Group Limited
(In Administration)

Joint Administrators' Receipts and Payments account
for the period 19 May 2006 to 30 May 2007

RECEIPTS	Statement of Affairs Estimated to realise Value (£)	Fixed Charge (£)	Floating Charge (£)	Total (£)
Chattel assets and trading name	10,300	-	10,300.00	10,300 00
Motor Vehicles	31,400	-	42,412 00	42,412 00
Bank interest gross	-	-	487.51	487.51
Intercompany indebtedness	Uncertain	-	-	-
Refund of sales consideration	-	-	40,641 00	40,641 00
	<u>41,700</u>	<u>0 00</u>	<u>93,840 51</u>	<u>93,840 51</u>

PAYMENTS

Preparation of Statement of Affairs	-	1,500 00	1,500 00
Joint Administrators' remuneration	-	31,600 00	31,600 00
Joint Administrators' disbursements	-	3,529 92	3,529.92
Agents' fees	-	8,059 85	8,059 85
Legal fees and disbursements	-	7,476 41	7,476 41
Storage costs	-	220 50	220 50
Statutory advertising	-	148 23	148 23
Insurance of assets	-	2,739 19	2,739 19
Bank charges	-	13 64	13 64
	<u>0 00</u>	<u>55,287 74</u>	<u>55,287 74</u>
Balances in hand	<u>0 00</u>	<u>38,552 77</u>	<u>38,552 77</u>

MADE UP AS FOLLOWS

VAT receivable	9,138 74
Balance in hand	29,414 03
	<u>38,552 77</u>

**C.S.T. (Wholesale) Limited
(In Administration)**

**Joint Administrators' Receipts and Payments Account for the period
19 May 2006 to 30 May 2007**

RECEIPTS	Statement of Affairs Estimated to Realise Value (£)	Fixed Charge (£)	Floating Charge (£)	Total (£)
Lease, furniture & equipment	35,000	-	35,000 00	35,000.00
Motor vehicles	16,100	-	16,100 00	16,100 00
Stock	9,500	-	9,500 00	9,500 00
Debtors	169,835	-	62,639 09	62,639.09
Shareholding in NCB Food Services Limited	Uncertain	-	0 00	0.00
Shares & investments - dividend received	-	-	3,000 00	3,000.00
Contribution for rent from purchaser	-	-	7,401 00	7,401.00
Pre appointment VAT refunds	-	-	48,355 76	48,355.76
Sundry refund	-	-	324 32	324 32
Bank interest gross	-	-	1,422.36	1,422 36
Cash at Bank	838	-	0.00	0 00
	<u>231,273</u>	<u>0 00</u>	<u>183,742 53</u>	<u>183,742 53</u>

PAYMENTS

Waste removal	-	590 00	590 00
Food hygiene services	-	1,352 00	1,352 00
Settlement of crown distraint notice	-	1,670 00	1,670 00
Preparation of Statement of Affairs	-	1,500 00	1,500 00
Joint Administrators' remuneration	-	80,000 00	80,000 00
Joint Administrators' disbursements	-	883 14	883.14
Fees and expenses re leasehold property	-	9,498 72	9,498 72
Agents' fees	-	8,505 82	8,505 82
Legal fees - floating	-	18,247 41	18,247 41
Accountancy fees	-	11,350 00	11,350 00
Stationery & postage	-	4,694 36	4,694 36
Employee consultant services	-	2,000 00	2,000 00
Storage costs	-	2,034 80	2,034 80
Re-direction of mail	-	232 50	232 50
Statutory advertising	-	148 23	148 23
Insurance of assets	-	1,594 96	1,594 96
Wages & salaries	-	24,985 31	24,985 31
PAYE & NI	-	798 18	798 18
Bank charges	-	133 41	133 41
	<u>0 00</u>	<u>170,218 84</u>	<u>170,218 84</u>
Balances in hand	<u>0 00</u>	<u>14,023 69</u>	<u>13,523 69</u>

MADE UP AS FOLLOWS

VAT receivable	9,622 28
VAT payable	(280 00)
Balance in hand	4,181 41
	<u>13,523 69</u>

T.S.J. Woodhouse Limited (In Administration)

**Joint Administrators' Receipts and Payments Account for the period
19 May 2006 to 30 May 2007**

RECEIPTS	Statement of Affairs Estimated to Realise Value (£)	Fixed Charge (£)	Floating Charge (£)	Total (£)
Motor vehicles	Uncertain	-	10,700.00	10,700 00
Debtors	30,008	-	31,145.61	31,145 61
Cash at bank	532	-	2,364.70	2,364.70
Sundry refund	-	-	301.40	301.40
Bank interest gross	-	-	131.17	131.17
Interest in leasehold premises	Nil	-	-	-
Plant, fixtures and fittings	Nil	-	-	-
	<u>30,540</u>	<u>0 00</u>	<u>44,642 88</u>	<u>44,642 88</u>

PAYMENTS

Vehicle costs	-	4,551.02	4,551.02
Preparation of Statement of Affairs	-	1,500 00	1,500.00
Joint administrators' remuneration	-	21,000 00	21,000.00
Joint administrators' disbursements	-	233 00	233 00
Agents/valuers fees	-	1,529.34	1,529 34
Legal fees	-	3,474.43	3,474 43
Employee consultant services	-	1,150 00	1,150 00
Statutory advertising	-	148 23	148 23
Insurance of assets	-	864.64	864 64
Bank charges	-	18 69	18 69
	<u>0 00</u>	<u>34,469 35</u>	<u>34,469 35</u>
Balance	<u>0 00</u>	<u>10,173 53</u>	<u>10,173 53</u>

MADE UP AS FOLLOWS

VAT receivable	1,621.45
Balance in hand	8,077 95
General VAT control account	474 13
	<u>10,173 53</u>

**Sharptone Limited
(In Administration)**

**Joint Administrators' Receipts and Payments Account for the period
22 May 2006 to 30 May 2007**

RECEIPTS	Statement of Affairs Estimated to Realise Value (£)	Fixed Charge (£)	Floating Charge (£)	Total (£)
Freehold property	460,000	460,000.00	-	460,000.00
Furniture & equipment	300	-	300.00	300 00
Debtors	63,630	-	78,151 62	78,151.62
Cash at bank	6,463	-	6,463.19	6,463 19
Bank interest gross	-	-	1,420 33	1,420 33
	<u>530,393</u>	<u>460,000.00</u>	<u>86,335.14</u>	<u>546,335 14</u>

PAYMENTS

Agents' fees - fixed	10,155 50	0.00	10,155 50
Chargeholder	400,053 19	0 00	400,053 19
Accountancy fees	-	5,000 00	5,000 00
Preparation of Statement of Affairs	-	1,500 00	1,500 00
Book debt collection charges	-	5,511.49	5,511 49
Joint Administrators' remuneration	-	48,800.00	48,800 00
Joint Administrators' disbursements	-	458.15	458 15
Legal fees	-	16,189.70	16,189 70
Agents' fees	-	243.10	243 10
Stationery & postage	-	3,293.93	3,293 93
Storage costs	-	375 14	375 14
Statutory advertising	-	138 51	138 51
Insurance of assets	-	4,201 71	4,201 71
Bank charges	-	78 69	78 69
	<u>410,208 69</u>	<u>85,790 42</u>	<u>495,999 11</u>
Balances in hand	<u>49,791 31</u>	<u>544.72</u>	<u>50,336 03</u>

MADE UP AS FOLLOWS

VAT receivable	3,925.97
Balance in hand	43,919.04
General VAT control account	2,491 02
	<u>50,336 03</u>

Allens Limited
(In Administration)

Joint Administrators' Receipts and Payments Account for the period
19 May 2006 to 30 May 2007

RECEIPTS	Statement of Affairs Estimated to Realise Value (£)	Fixed Charge (£)	Floating Charge (£)	Total (£)
Debtors	169,835	-	6,843.34	6,843.34
Cash at bank	18	-	18.53	18.53
Bank interest gross	-	-	27.28	27.28
Intercompany indebtedness	Uncertain	-	-	-
	<u>169,853</u>	<u>0.00</u>	<u>6,889.15</u>	<u>6,889.15</u>

PAYMENTS

Legal fees	-	1,415.96	1,415.96
Telephone	-	97.37	97.37
Storage costs	-	1,196.49	1,196.49
Insurance of assets	-	39.14	39.14
Bank charges	-	9.87	9.87
		<u>0.00</u>	<u>2,758.83</u>
		<u>0.00</u>	<u>4,130.32</u>
Balance			

MADE UP AS FOLLOWS

VAT receivable	468.97
Balance in hand	3,661.35
	<u>4,130.32</u>

APPENDIX 3



The Charterhouse Food Group Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	13 00	14 90	0 20	40 30		68 40	14,194 50	207 52
General admin		15 80	22 10	59 40	0 20	97 50	10,190 00	105 13
General correspondence	0 90	6 70	0 90	32 50	11 90	52 90	6,066 50	117 21
Statutory meetings & reports		4 10	0 80	22 40		27 30	3,972 50	145 51
Cashiering & accounting	0 40		1 90	12 80		15 10	2,128 50	140 96
Unsecured creditors			0 40	18 00		18 40	1,738 00	94 46
CDDA reports	0 30	1 30		8 80		10 40	1,438 00	138 27
Floating charge assets		1 30		10 50		11 80	1,411 50	130 10
Investigations (inc. antecedant transactions)				3 00		3 00	434 00	144 67
Financial review		1 50				1 50	405 00	270 00
Employee matters			0 50	3 10		3 60	386 00	107 22
Statement of affairs				2 30		2 30	336 00	146 09
Proposals		0 30		1 90		2 20	204 50	92 95
Meetings				2 30		2 30	149 50	65 00
IPS set up & maintenance			0 20	0 40		0 60	71 00	118 33
Secured Creditors				0 70		0 70	45 50	65 00
Total Hours	14.60	45.90	27.00	218.40	12.10	318.00	43,171.00	135.76
Total Fees Claimed (£)	5,182 00	12,519.00	1,514.50	23,713.50	242.00		43,171.00	

C.S.T. (Wholesale) Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	16 40	35 80		62 30	0 10	114 60	23,036 00	201 01
General admin	0 20	36 90	18 60	93 80	0 20	149 70	19,191 00	128 20
Book debts	0 40	20 30	0 30	60 00		81 00	13,040 50	161 23
General correspondence	1 80	17 70	0 50	63 70	13 50	97 20	12,211 50	125 63
Floating charge assets		38 60		19 20		57 80	12,616 50	227 33
Unsecured creditors		5 20	0 70	62 30		68 20	7,695 50	112 84
Statutory meetings & reports		10 70	0 30	19 00		30 00	5,539 00	184 63
Employee matters	0 20	4 40		34 40		39 00	4,410 50	113 09
Cashiering & accounting	1 90		7 60	20 10		29 60	4,355 00	145 05
Sale of business	0 20	1 00		22 20		23 40	2,983 00	127 48
CDDA reports	0 50	0 70		29 50		30 70	2,531 50	82 46
Meetings		3 60		0 70		4 30	1,017 50	236 63
Retention of title		0 50		6 50		7 00	797 50	113 93
Investigations (Inc antecedant transactions)				3 90		3 90	641 50	164 49
Preferential creditors				6 20		6 20	531 00	85 65
Proposals		1 30		2 30		3 60	500 50	139 03
Statement of affairs				3 00		3 00	424 50	141 50
IPS set up & maintenance				0 10		0 10	6 50	65 00
Total Hours	21.60	176.70	28 00	509.20	13.80	749.30	111,529 00	148.84
Total Fees Claimed (£)	7,640.00	47,890.50	2,659.50	53,063 00	276.00		111,529.00	

Analysis of category 2 disbursements

Classification of Work Function	Details of Payee	£
Employee Consultant Services	Menzies Chartered Accountants	2,000 00
Total		2,000.00

T.S.J. Woodhouse Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	11 40	11 70		25 80		48 90	10,024 00	204 99
General admin	0 20	13 10	8 30	49 40	0 10	71 10	8,851 50	124 92
Employee matters		2 50		35 60		38 10	5,703 50	149 70
General correspondence	1 20	4 80	0 20	29 00	7 20	42 40	5,035 50	118 32
Statutory meetings & reports		4 00		16 50		20 50	3,344 50	163 15
Book debts	0 30	3 10	0 40	10 60		14 40	2,716 50	188 65
CDDA reports	0 20	0 50		15 90		16 60	1,894 50	114 13
Cashiering & accounting	0 90		3 60	6 30		10 80	1,763 00	163 24
Unsecured creditors			0 80	17 70		18 50	1,766 00	94 64
Investigations (inc. antecedant transactions)				4 10		4 10	682 50	166 46
Statement of affairs				2 10		2 10	302 00	143 81
Floating charge assets				2 40		2 40	242 50	101 04
Proposals				2 30		2 30	149 50	65 00
IPS set up & maintenance				0 10		0 10	6 50	65 00
Preferential creditors				0 10		0 10	6 50	65 00
Total Hours	14 20	39 70	13 30	217 90	7 30	292 40	42,488 50	145 31
Total Fees Claimed (£)	5,030.00	10,789 50	1,382.50	25,140 50	146 00		42,488 50	

Analysis of category 2 disbursements

Classification of Work Function	Details of Payee	£
Employee consultancy services	Menzies Chartered Accountants	150 00
Total		150.00

Sharptone Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 22 May 2006 to 30 May 2007

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	13 40	13 70		45 20		72.30	14,038 00	194.16
General admin		12 40	8 50	58 80		79 70	8,936 00	112.00
General correspondence	1 00	7 40	0 40	32 80	3 50	45 10	6,172 00	136 85
Fixed charge assets		13 30		13 80		27 10	5,634 00	207 90
Cashiering & accounting	1 60		5 80	20 30		27 70	4,483 00	161 84
Book debts	0 60	3 50		21 70		25.80	4,450.00	172.48
CDDA reports	0 20	5 10		27 40		32 70	4,052 00	123 91
Statutory meetings & reports		5 50	0 60	17 80		23 90	4,030 00	168 62
Unsecured creditors			0 40	20 40		20 80	2,065 50	99 30
Investigations (inc. antecedant transactions)				7 10		7 10	1,154 50	162.61
Floating charge assets		1 50		1 70		3 20	563 50	176 09
Proposals		0 50		3 60		4 10	499 00	121 71
Preferential creditors				4 10		4 10	460 00	112.20
Sale of business				4 20		4 20	441.00	105 00
Employee matters				4 70		4 70	417 50	88 83
Statement of affairs				2 40		2 40	350 50	146 04
Meetings		1 00				1 00	270 00	270 00
Financial review		0 20				0 20	54 00	270 00
IPS set up & maintenance			0 20	0 10		0 30	51 50	171 67
Total Hours	16.80	64.10	15.90	286.10	3.50	386 40	58,122.00	150 42
Total Fees Claimed (£)	5,952.00	17,358.00	1,970 50	32,771 50	70.00		58,122.00	

Allens Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 19 May 2006 to 30 May 2007

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	11 90	5 20		19 90	0 20	37 20	7,551 50	203 00
General admin	0 10	8 00	5 90	36 70	0 10	50 80	5,498 00	108 66
General correspondence	0 70	4 70	0 20	21 80	5 00	32 40	3,526 00	108 83
Book debts	0 30	3 10	0 40	23 60		27 40	3,511 00	128 14
Statutory meetings & reports		2 20		11 30		13 50	2,113 50	156 56
Unsecured creditors			0 40	23 50		23 90	1,981 00	82 89
CDDA reports	0 20	0 80		6 60		7 60	1,115 00	146 71
Cashiering & accounting	0 80		0 80	5 30		6 90	994 00	151 43
Sale of business		2 20		0 70		2 90	639 50	220 52
Employee matters				4 10		4 10	355 00	86 59
Floating charge assets		0 20		4 40		4 60	353 50	76 85
Investigations (inc antecedant transactions)				2 40		2 40	268 00	111 67
Proposals		0 30		2 50		2 80	243 50	86 96
Statement of affairs				1 30		1 30	171 00	131 54
Meetings				1 00		1 00	81 00	81 00
Retention of title				0 20		0 20	21 00	105 00
Total Hours	14.00	26 70	7.70	165.30	5.30	219.00	28,422.50	129.78
Total Fees Claimed (£)	4,954.00	7,245.00	519.00	15,598.50	106.00		28,422.50	

APPENDIX 4

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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

ENGLAND AND WALES

1 Introduction

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed

2 The nature of administration

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:
- rescuing the company as a going concern, or
 - achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions

4 Fixing the administrator's fees

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either
- as a percentage of the value of the property which the administrator has to deal with, or
 - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with

4 2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4 3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company, and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5 1 1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case

5 1 2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5 1 3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent.

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

The following categories are suggested as a basis for analysis by grade of staff.

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

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

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

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8. Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9. Provision of information – additional requirements

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

The information which must be provided is –

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

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.