

The Insolvency Act 1986

Administrator's progress report

Name of Company Phoenix Chemicals Limited	Company number 03681753
In the High Court of Justice, Chancery Division, Manchester District Registry (full name of court)	Court case number 54 of 2011

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


I/We (a)
Christopher Ratten
RSM Tenon Recovery
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

Jeremy Nigel Ian Woodside
RSM Tenon Recovery
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

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

(b) Insert date	From (b) 7 January 2012	To (b) 6 June 2012
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Signed


 Joint / Administrator(s)

Dated

2/7/12

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

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Phoenix Chemicals Limited (“the Company”) – In Administration

**Joint Administrators’ Third Progress Report
for the period from 7 January 2012 to 6 June 2012**

Issued on: 2 July 2012

Christopher Ratten and Jeremy Nigel Ian Woodside of RSM Tenon Recovery are the Joint Administrators of the Company and this is their report on the progress of the Administration of the Company for the period from 7 January 2012 to 6 June 2012. This report should be read in conjunction with previous progress reports.

1 Statutory Information

Statutory information relating to the Company is attached at **Appendix I**.

2. Joint Administrators' receipts and payment account

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 7 January 2012 to 6 June 2012 and cumulatively (from appointment on 25 January 2011 to 6 June 2012) is attached at **Appendix II**.

3 Action taken by the Joint Administrators since last report – 7 January 2012 to date

As previously advised, Joint Administrators' proposals for achieving the purpose of the Administration were circulated to creditors on 17 March 2011 and as no meeting of creditors was requisitioned, they were deemed to be approved.

3.1 Trading Surplus

As reported in my previous report, all outstanding Administration sales invoices had been paid. Since my last progress report, a further trading expense of £57 has been paid, resulting in the trading surplus being £165,977. It should be noted that the trading account includes payments of arrears of pay totalling £120,880 to the Company's employees, reducing preferential creditor claims.

A trading account is provided at **Appendix II** which details Administration sales, purchases, other direct costs and trading expenditure.

3.2 Plant and Machinery - Bromborough

At the date of the last report we had concluded two contracts for the sale of plant and machinery at Bromborough for the total sum of £275,000 and in addition our agents were holding funds in respect of further sales of plant and machinery. We still had a significant quantity of unsold plant & machinery and expected total realisations to reach approximately £600,000.

During the current period we have concluded a contract for the sale of plant and machinery in the sum of £144,000 to Bakhu Ltd on 2 April 2012. As previously disclosed, Bakhu Limited is a connected party as it is under the control of two directors of the Company, Colin Leece and Lee Procter. The Administrators took advice from DLA Piper Solicitors regarding this transaction and Bakhu Limited was independently advised by Hill Dickinson Solicitors. As no creditors' committee has been formed, this sale of Company assets to a connected party was not discussed with a creditors' committee prior to completion.

Our agents, Winterhill Asset Ltd, have sold the remaining plant and machinery and scrap metal from the site realising the sum of £265,278 less scrapping costs of £92,222 and have remitted the balance to the Administration estate account, net of their related costs and disbursements.

Realisations to date in respect of plant & machinery at Bromborough total £592,056.

3 3 Freehold Land and Property – Bromborough

Decommissioning Activities and Site Permit Surrender

As previously reported, Site Ops Ltd have been appointed to assist with the supervision of equipment removal, waste removal and decommissioning activities, act as principal contractor and co-ordinator under the CDM Regulations and assist with permit surrender and health and safety issues at the Bromborough site

In the current period the remaining equipment has been removed as has all of the remaining chemical waste.

Following the submission of the results of the ground contamination surveys to the Environment Agency a remediation strategy was agreed for the contamination identified. A soil vapour extraction system was set up in Units 32/34 as a pilot for the decontamination of the rest of the site. Following the decontamination of this area of the site, further test results were submitted to the Environment Agency who have confirmed that they are satisfied that that area of the site has been satisfactorily remediated. The same type of extraction system has been set up in the remaining areas of contamination and the remediation work in these areas is expected to be completed within the next week.

Once this is completed, further test results will be submitted to the Environment Agency together with the application for surrender of the Company's site permit.

Sale of Freehold Property

With assistance from our agents we have continued to market this property for sale, and we have received a number of offers for the freehold property either with or without Bakhu Pharma Ltd in occupation as a tenant of Units 32/34.

To date Bakhu Pharma Ltd has continued in occupation of Units 32/34 under the licence to occupy and during the current period we have received licence fees of £10,750. A lease has been agreed between the Company and Bakhu Pharma Ltd since the remediation work in Units 32/34 has been completed. We are awaiting confirmation from our solicitors that completion has taken place on the lease agreement.

It is anticipated that the sale of the freehold property will proceed quickly now that the remediation work has almost been completed and we are nearly in a position to submit the site permit surrender application. The current end date for the Administration is 25 July 2012 and it may not be possible to conclude the sale of the freehold property before that date. As a result we are applying to Court to seek an Order for the period of Administration to be extended to allow sufficient time to conclude the sale and finalise the Administration.

3 4 Non Factored Book Debts

Collections of non-factored book debts to date total £453,587, which is in line with the estimated to realise value of £450,000. We are still pursuing one debt that appears to be due according to the Company's books and records, however it remains uncertain whether there will be any further realisations.

3 5 Investigations

Our investigations are considered to be completed and there are no outstanding lines of enquiry.

4 Future Actions of the Joint Administrators

4.1 Decommissioning Activities and Site Permit Surrender

The site has been decommissioned and the ground contamination at the site has almost been fully remediated in accordance with the remediation strategy agreed with the Environmental Agency. It is anticipated that this will be completed this week and the application for surrender of the site permit will be submitted during June 2012. As the remediation process was piloted in Units 32/34 and the results were satisfactory, we are confident that site will be decontaminated to the satisfaction of the Environment Agency and the application should proceed successfully.

4.2 Freehold Property and Land – Bromborough

As discussed above, we have received several offers for the freehold property and expect its sale to proceed quickly once the remediation work is completed.

4.3 Non Factored Book Debts

As noted above we are still pursuing one debt that appears to be due according to the Company's books and records, however it remains uncertain whether there will be any further realisations.

4.4 Payment of Expenses and Distribution of Funds

Once the above matters are concluded the Expenses of the Administration will be discharged and a distribution will be made to the secured creditor before the Administration is finalised.

4.5 Extension of the Administration

In January 2012 the Company's secured creditors, The Trustees of HA Cann 1997 Trust and Merseyside Special Investment Fund consented to the extension of the Administration to 25 July 2012.

Pursuant to paragraph 76 (2) of Schedule B1 to the Insolvency Act 1986, we are now seeking an Order of the Court to extend the period of Administration by a further 12 months to **25 July 2013**.

5 Liabilities and dividends

Bank of Scotland Commercial Finance

The Company factored its book debts with BOSCF, and as a result, they were held as security by BOSCF. All assigned debts have now been collected and BOSCF has been repaid in full.

Bank of Scotland Plc ("The Bank")

At the date of the Administration, the Bank was owed £1,182,057. The Bank holds a debenture dated 16 July 2008 creating fixed and floating charges over the assets of the Company and a chattel mortgage over the plant and machinery at the Company's Bromborough premises dated 11 January 2011.

The Bank has been repaid in full with a total distribution of £1,213,713 having been paid.

Shasun Pharma Solutions Limited ("Shasun")

At the date of the Administration, the Company's books and records showed £625,000 as outstanding to Shasun although this balance was later revised to and agreed at £665,376 as a result of an additional outstanding invoice. Shasun held a fixed charge dated 4 September 2009 over the property at Three Trees Road, Newbie, Annan. Shasun has been repaid in full from fixed charge realisations from the sale of the Annan freehold land and property.

Trustees of HA Cann 1997 Trust ("The Cann Trust")

At the date of the Administration, The Cann Trust was owed the sum of £15,856,969. The Cann Trust held standard security dated 19 March 2010 creating a second fixed charge over the freehold land and property located at Annan. The Cann Trust has been paid distributions totalling £130,000 under its second fixed charge over the Annan freehold land and property.

In addition, The Cann Trust owned finished goods stock purchased from the Company for the sum of £659,647. The Administrators agreed that during the Administration trading period, they would seek to sell this stock and pay the Cann Trust the sum of £659,647 from the sale proceeds. This sum has been fully repaid to The Cann Trust.

Merseyside Special Investment Fund ("MSIF")

At the date of the Administration, MSIF is understood to have been owed £223,437 in respect of the MSIF Mezzanine Fund No 2 and £1,000,000 in respect of the MSIF Venture Fund No 3. No distributions have been paid to MSIF to date.

MSIF Mezzanine Fund No 2 is expected to be repaid in full from fixed charge realisations and MSIF Venture Fund No 3 is expected to receive a distribution following the sale of the Bromborough freehold property.

Preferential Creditors

The only known preferential creditors are employees and former employees of the Company who had claims for holiday pay and wage arrears owing, together with arrears of contributions owed to their pension scheme. Preferential claims are subject to a maximum limit set by the insolvency legislation.

A distribution of 100p in £ was paid to preferential creditors on 27 June 2011. A total of £222,726 has been paid to preferential creditors, this being made up of £63,041 paid to employees for arrears of wages and holiday pay and £159,685 paid in relation to the pension scheme arrears.

Prescribed Part/Unsecured Creditors

The only secured creditor expected to have to rely upon floating charge security will be MSIF. The Company granted a debenture in favour of MSIF on 21 June 2002 and, given that its floating charge security was created and registered prior to 15 September 2003, the prescribed part rules will not be applicable in this instance.

There will be no funds available to allow a distribution to be paid to unsecured creditors.

6 Joint Administrators' Remuneration, Disbursements and Expenses

Basis of remuneration and disbursements

The Joint Administrators' Proposals provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with this with matters in the Administration and that disbursements be drawn in accordance with the tariff outlined in **Appendix III**. The Joint Administrators' remuneration and disbursements on the basis outlined in the Proposals were approved by the secured creditors as follows

- The Bank – 3 May 2011
- Shasun – 15 April 2011
- The Cann Trust – 4 May 2011
- MSIF – 19 April 2011

Approval was not sought from preferential creditors as all preferential creditors were paid a distribution of 100p in £ before any remuneration was drawn

Remuneration charged and drawn in the period

The Joint Administrators' time costs were charged (exc VAT) as follows

For this period, from 7 January 2012 to 6 June 2012	£95,448 00
Since appointment on 25 January 2011 to 6 January 2012	£821,896 70
Total	£917,344 70

In accordance with Statement of Insolvency Practice 9, attached at **Appendix III** is a breakdown of these time costs

Time costs drawn are as follows

In this period, from 7 January 2012 to 6 June 2012	£Nil
Since appointment on 25 January 2011 to 6 January 2012	£601,000 00
Total	£601,000.00

The Administrators' remuneration drawn totalling £601,000 has been allocated £300,000 against fixed charge realisations and £301,000 against floating charge realisations. This includes £1,000 drawn by RSM Tenon VAT specialists in connection with advice given during the sale negotiation process with Bakhu Limited

Disbursements incurred and drawn

The Joint Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below. Details are in the attached **Appendix III**

No category 2 disbursements have been charged nor will be recovered in this matter

	Incurred	Paid
Category 1 disbursements for this period, from 7 January 2012 to 6 June 2012	£344 30	£Nil

Category 1 disbursements since appointment on 25 January 2011 to 6 January 2012	£14,167 88	£13,608 18
Total	£14,512.18	£13,608 18

Expenses (professional advisors) charged and drawn in the period

The following professional advisors have been instructed in this matter

<i>Professional Advisor</i>	<i>Nature of Work</i>	<i>Fee Arrangement</i>
Winterhill Asset Limited	Agents - Valuation of assets/ assistance with disposal of plant and machinery at Annan and Bromborough/Marketing Bromborough property	Based upon % of assets realised
DLA Piper UK Limited	Solicitors – Preparing documentation for Administration appointment, security advice, preparing sale contracts/ general advice throughout	Time Costs Basis
Site Ops Limited	Supervising the equipment/waste removal/decommissioning activities at the Bromborough premises Acting as principal contractor/co-ordinator for CDM Regulations Responsible for the site permit surrender, environmental and health and safety at the site	Time Costs Basis
Force4 Security	Provision of on site security at Bromborough and Annan facilities	Time Cost Basis

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them. Details of the costs incurred and paid by the Administrators in relation to administration expenses for the period are also attached at **Appendix III**

Pre-Administration costs

The secured creditors have also resolved that the Joint Administrators be authorised to draw pre-Administration costs of £36,856 05 plus VAT, as was detailed in my statement of pre-Administration costs contained within my proposals. The dates of approval of pre-Administration costs by the secured creditors are as detailed above.

These costs were drawn in full on 29 June 2011

Creditors' Guide to Fees and statement of creditors' rights

Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses time limits apply Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenon.com/creditorguides> Alternatively a copy is available free of charge upon request from the address above

7 End of Administration

As outlined in my previous report to creditors, as there will be no return to unsecured creditors, the Company will be dissolved following completion of the Administration

The Joint Administrators have obtained the agreement of the secured creditors that upon the Company proceeding into dissolution, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following the Company filing the notice of moving from Administration to dissolution



Christopher Ratten

Joint Administrator

*Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales
The affairs, business and property of the Company are being managed by the Administrators*

Appendix I

Company Information

Company Name	Phoenix Chemicals Limited
Previous Name	Phoenix (Wirral) Ltd (name changed on 28 September 1999)
Company Number	03681753
Date of Incorporation	10 December 1998
Trading Addresses	34 Thursby Road, Croft Business Park, Wirral, Merseyside, CH62 3PW Three Trees Road, Newbie, Annan, Dumfriesshire, DG12 5QH
Current Registered Office	Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Former Registered Office	34 Thursby Road, Croft Business Park, Wirral, Merseyside, CH62 3PW
Principal Trading Activity	Research, development and manufacture of chemicals

Appointment details

Joint Administrators' name and address	Christopher Ratten (IP No 9338) of RSM Tenon Recovery, Arkwright House, Parsonage Gardens, Manchester, M3 2LF and Jeremy Nigel Ian Woodside (IP No 9515) of RSM Tenon Recovery Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Date of appointment	25 January 2011
Court Name and Reference	High Court of Justice, Chancery Division, Manchester District Registry 54 / 2011
Appointment made by	Directors - 34 Thursby Road, Croft Business Park, Wirral, Merseyside, CH62 3PW
Actions of Joint Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone
Extensions to period of appointment	A six month extension to the period of Administration to 25 July 2012 has been granted with the consent of the secured creditors An application to Court is being made for a further twelve month extension to the period of Administration

Phoenix Chemicals Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs	From 07/01/2012 To 06/06/2012	From 25/01/2011 To 06/06/2012
POST APPOINTMENT SALES		
Sales - UK	NIL	456,942 95
Sales - Ireland	NIL	1,316,648 65
Sales - India	NIL	73,266 18
	<u>NIL</u>	<u>1,846,857 78</u>
PURCHASES		
Purchases	<u>NIL</u>	<u>709,248 49</u>
	NIL	(709,248 49)
OTHER DIRECT COSTS		
Fuel Oil	NIL	43,681 48
Waste Removal	NIL	20,830 58
Royalty Payments	<u>NIL</u>	<u>71,621 10</u>
	NIL	(136,133 16)
TRADING EXPENDITURE		
Staff Wages	NIL	484,760 63
Other Staff Costs	NIL	26,398 06
Rates	NIL	18,863 65
Heat, Light & Water	NIL	77,047 09
Motor and Travel	NIL	1,386 30
Telephone	NIL	2,752 90
Haulage Costs	NIL	6,789 30
Insurance	NIL	8,000 00
Licence Fees	NIL	17,969 06
Bank Charges	NIL	375 00
Factoring Charges & Interest	NIL	44,052 07
Lease/HP Payments	NIL	13,320 76
Repairs & Maintenance	NIL	5,400 08
Sundry Expenses	56 99	1,525 50
Security Costs	NIL	5,978 40
Arrears of Pay	<u>NIL</u>	<u>120,880 56</u>
	(56 99)	(835,499 36)
TRADING SURPLUS/(DEFICIT)	<u>(56.99)</u>	<u>165,976.77</u>

Phoenix Chemicals Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 07/01/2012 To 06/06/2012	From 25/01/2011 To 06/06/2012
SECURED ASSETS			
682,000 00	Factored Book Debts	NIL	678,857 14
(123,079 00)	Bank of Scotland Commercial Finance	NIL	(257,811 31)
300,000 00	Intellectual Property	NIL	750,000 00
450,000 00	Plant & Machinery - Bromborough	317,056 57	592,056 57
Uncertain	Freehold Land & Property - Bromborou	NIL	NIL
(1,182,057 00)	Bank of Scotland plc	NIL	(1,213,712 88)
(223,437 00)	MSIF Mezzanine Fund No 2	NIL	NIL
(1,000,000 00)	MSIF Venture Fund No 3	NIL	NIL
850,000 00	Freehold Land & Property - Annan	NIL	1,200,000 00
(625,000 00)	Shasun Pharma Solutions Ltd	NIL	(665,375 71)
(15,856,969 00)	Trustees of HA Cann 1997 Trust	NIL	(130,000 00)
		<u>317,056 57</u>	<u>954,013 81</u>
COSTS OF REALISATION			
	Office Holders Fees	NIL	300,000 00
	Legal Fees	NIL	73,838 37
	Agents Fees	77,680 14	176,680 14
	Agents Disbursements	43,418 58	54,366 77
	Insurance	6,368 13	30,192 78
		<u>(127,466 85)</u>	<u>(635,078 06)</u>
ASSET REALISATIONS			
1,400,000 00	Plant & Machinery - Annan	NIL	1,362,500 00
4,000 00	Motor Vehicles	NIL	NIL
Uncertain	Stock	NIL	100,000 00
450,000 00	Non-Factored Book Debts	NIL	453,587 82
	Sundry Debts	NIL	10,663 58
Uncertain	R&D Tax Refund	NIL	NIL
Uncertain	VAT Refund	NIL	NIL
146 00	Cash in hand	146 99	146 99
	Licence Fee	10,750 00	21,550 00
8,280 00	Rates Refund	NIL	8,280 00
	Bank Interest Gross	380 06	2,385 91
	Solicitors Interest Received	NIL	191 45
	Trading Surplus/(Deficit)	(56 99)	165,976 77
	Sundry receipts	NIL	339 46
		<u>11,220 06</u>	<u>2,125,621 98</u>
COST OF REALISATIONS			
	Specific Bond	NIL	1,110 00
	Preparation of S of A (Third Party)	NIL	2,000 00
	Pre-Administration Fees	NIL	36,856 05
	Office Holders Fees	NIL	301,000 00
	Office Holders Expenses	NIL	12,341 18
	Decommissioning & Environmental Co	137,703 16	308,532 54
	Site Security Costs	58,884 00	240,342 00
	Agents Fees	NIL	169,000 00
	Agents Disbursements	NIL	22,991 37
	Legal Fees	NIL	105,840 01
	Legal Disbursements	NIL	277 20
	Advertising business for sale	NIL	2,086 00
	Telephone	75 00	5,744 67

Phoenix Chemicals Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 07/01/2012 To 06/06/2012	From 25/01/2011 To 06/06/2012
Lease / HP Payments	3,689 55	29,668 88
Storage Costs	NIL	157 00
Heat, light & utilities	44,357 83	203,836 96
Statutory Advertising	NIL	75 60
Waste removal & cleaning costs	120,450 00	376,370 02
Rates	NIL	86,589 03
Property / asset maintenance expense	2,048 00	8,532 10
Insurance of Assets	553 30	6,422 66
Wages & Salaries	18,052 70	247,448 46
Consultancy Fees & Expenses	300 00	6,682 10
Bank Charges	36 47	119 82
Postage	NIL	12 58
	<u>(386,150 01)</u>	<u>(2,174,036 23)</u>
PREFERENTIAL CREDITORS		
(124,596 00) Employee Arrears of Pay and Holiday	159 60	63,041 19
(166,524 00) Pension Schemes	NIL	159,684 70
	<u>(159 60)</u>	<u>(222,725 89)</u>
UNSECURED CREDITORS		
(1,800,641 00) Trade & Expense Creditors	NIL	NIL
(592,688 00) Employees PILON and Redundancy P	NIL	NIL
(722,709 00) HM Revenue & Customs - PAYE & NI	NIL	NIL
(8,445,956 00) Unsecured loans	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
(14,865,021 00) Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
(41,584,251.00)	<u>(185,499.83)</u>	<u>47,795 61</u>
REPRESENTED BY		
Vat Receivable		23,967 17
Floating Deposit A/c		28,623 75
Vat Payable		(83,983 53)
Vat Control Account		79,188 22
		<u>47,795.61</u>

Appendix III – Information relating to the Joint Administrators' Fees and Expenses

Appendix III

Phoenix Chemicals Limited

Information relating to the Joint Administrators' Fees and Expenses

1. Explanation of Administrators' charging and disbursement recovery policies

1.1 Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge-out rates are

	Rate from 25 January 2011 to 3 November 2011 £	Rate from 4 November 2011 to date £
Director and licensed Insolvency Practitioner	355	395
Associate Director	355	355
Senior Manager	275-290	300
Manager	185-200	220-260
Senior Administrator	130-173	185
Administrator	115-121	130-155
Cashier	105-121	155

Secretarial and support staff are not charged to the cases concerned, being accounted as an overhead of RSM Tenon Recovery.

1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case, (including business mileage up to HMRC approved rate for cases commenced before 1 November 2011). Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 disbursements are photocopying, all business mileage (for cases commenced on or after 1 November 2011), internal room hire and internal storage.

The current levels of Category 2 disbursements recovered by RSM Tenon Recovery are as follows

Room hire	£60 00
Envelope	4 2p
Paper (photocopies per sheet)	1 75p
Postage (depending on size and weight)	At cost
Files and dividers (cost per 100 creditors)	£2 00
Storage of archive box for one quarter	£1 60
Travel (per mile)	45p

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally

2. Description of work carried out

Section 3 of this appendix outlines the time costs to date in relation to activities undertaken during this period and cumulatively for the period of the Administration to date. These can be summarised as follows

2.1 Pre-appointment

Details of the Joint Administrators' pre-Administration costs are set out in the main body of the report

2.2. Administration and planning

This includes the following activities which have been undertaken

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,
- > 6 monthly progress review of the case

Staff of different levels were involved in the above activities depending upon the experience required

2.3. Investigations

The time spent includes

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of Company documentation,
- > Completion of statutory returns to the Insolvency service

2.4 Realisation of assets

Please refer to the main body of the report but in summary the time spent includes

- > Marketing the business with a view to a sale as a going concern
- > Liaison with agents and solicitors,
- > Correspondence and meetings with interested parties,
- > Negotiation and agreement of sale contracts,
- > Reviewing offers,
- > Identifying, securing and insuring of assets
- > Debt collection

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake. The sale of the business was particularly complex and required extensive involvement of the Administrators and senior staff.

2.5. Trading

Trading was concluded prior to the current period. Trading activities included

- > Planning appropriate trading strategy,
- > Liaison with employees,
- > Dealing with suppliers,
- > Contact and negotiation with customers,
- > Authorisation of commitments,
- > Review of trading position,
- > Paying suppliers,

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake.

2.6 Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Dealing with reservation of title claims,
- > Recording creditor claims
- > Reporting to creditors,
- > Dealing with creditor queries,
- > Reviewing and evaluating creditor claims,
- > Reporting to the secured creditors,
- > Agreement of preferential claims and payment of dividend,
- > Distribution of funds to secured creditors

3. Time and charge-out summary

For the period of the report 7 January 2012 to 6 June 2012, a total of 391 15 hours have been spent at an average charge out rate of £244 02, bringing the total time costs for the period to £95,448 00

The table below shows details of the time costs charged (exc VAT) in the current period

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	5 50	59 40	8 25	32 30	105 45	23,294 50	220 91
Creditors	0 70	28 85	13 60	0 00	43 15	9,452 20	219 05
Distribution	0 00	0 50	0 90	0 00	1 40	316 40	226 00
Employees	0 00	8 40	26 80	0 00	35 20	7,211 55	204 87
Retention of Title	0 00	0 00	0 00	0 00	0 00	0 00	n/a
Secured Creditors	7 30	13 60	0 00	0 00	20 90	6,867 51	328 59
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	n/a
Book Debts	0 00	1 25	0 00	0 00	1 25	274 98	219 98
Intangible Assets	0 00	0 00	0 30	0 00	0 30	62 75	209 17
Tangible Assets	22 40	150 90	3 10	0 00	176 40	46,832 27	265 49
Trading	0 00	0 30	6 80	0 00	7 10	1,136 00	160 00
Total hours	35 90	263 20	59 75	32 30	391 15		
Total fees claimed £	14,180 50	66,308 00	9,953 00	5,006 50		95,448 00	

The following table shows all time costs charged from appointment on 25 January 2011 to 6 June 2012

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	88 70	391 90	288 62	165 10	934 32	182,349 20	195 17
Creditors	10 60	162 75	189 67	0 00	363 02	70,765 82	194 94
Distribution	0 40	13 20	31 20	0 00	44 80	9,362 30	208 98
Employees	23 90	147 20	423 52	0 00	594 62	114,589 22	192 71
Retention of Title	2 25	21 55	61 10	0 00	84 90	15,359 26	180 91
Secured Creditors	59 30	94 40	11 90	0 00	165 60	50,480 43	304 83
Investigations	1 50	6 50	5 90	12 25	26 15	4,563 50	174 51
Book Debts	1 30	11 95	16 50	0 00	29 75	6,688 15	224 81
Intangible Assets	53 60	2 00	4 00	0 00	59 60	20,170 71	338 43
Tangible Assets	264 20	591 60	98 80	0 00	954 60	255,272 76	267 41
Trading	137 35	199 70	522 80	0 00	859 85	187,743 35	218 34
Total hours	643 10	1,642 75	1,654 01	177 35	4,117 21		
Total fees claimed £	231,088 50	397,872 90	265,199 80	23,183 50		917,344 70	222 81

From appointment to the end of the current period, a total of 4,117 hours have been spent at an average charge out rate of £222 81 bringing the total time cost to date to £917,344 70

Administrators' fees charged to date total £601,000

4. Disbursements

Disbursements incurred during the period of this report and cumulatively, and those reimbursed in the period and cumulatively to end of current period, are detailed below

Disbursements	This period		Previous periods		Cumulatively	
	Incurred £	Paid £	Incurred £	Paid £	Incurred £	Paid £
Category 1						
Accommodation/Room Hire (External)	Nil	Nil	3,312 60	3,312 60	3,312 60	3,312 60
Bonding	Nil	Nil	1,110 00	1,110 00	1,110 00	1,110 00
Mileage	341 30	Nil	8,872 20	8,520 50	9,213 50	8,520 50
Parking and Motor Expense	3 00	Nil	275 64	275 64	278 64	275 64
Storage Charge (External)	Nil	Nil	157 00	157 00	157 00	157 00
Subsistence	Nil	Nil	152 44	152 44	152 44	152 44
Internet Charges	Nil	Nil	80 00	80 00	80 00	80 00
General Disbursements	Nil	Nil	200 00	Nil	200 00	Nil
Web Site Charge	Nil	Nil	8 00	Nil	8 00	Nil
Total	344.30	Nil	14,167.88	13,608 18	14,512.18	13,608 18

The above costs exclude VAT

No category 2 disbursements have been charged to this matter

5. Professional advisors and expenses

The Joint Administrators have incurred administration expenses in connection with the instruction of the parties shown below. Expenses incurred during the period of this report and cumulatively, and those paid in the period and cumulatively to end of current period are detailed

Name & Activity	This period		Previous Periods		Cumulatively	
	Incurred £	Paid £	Incurred £	Paid £	Incurred £	Paid £
DLA Piper UK LLP – Solicitors	25,045 00	Nil	179,678 38	179,678 38	204,723 38	179,678 38
Winterhill Asset Limited – Agents	121,098 72	121,098 72	301,939 56	301,939 56	423,038 28	423,038 28
Site Ops Limited – Decommissioning	241,058 16	137,703 16	170,829 38	170,829 38	411,887 54	308,532 54
Force4 Security – Site Security	58,884 00	58,884 00	179,858 00	179,858 00	238,742 00	238,742 00
Total	446,085.88	317,685 88	832,305.32	832,305.32	1,278,391.20	1,149,991.20

The above figures for agents include disbursements, equipment hire costs and the costs of the agents instructing other third parties to assist with decommissioning activities paid by them as well as their fees. Disbursements etc paid to Winterhill Asset Ltd and included above total £77,358 14. Disbursements etc incurred and paid to Site Ops Ltd during the current period and included above total £137,703 16.